

Management RECORD

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- Moonlighting and Its Controls
- The Use of a Strike Manual
- Senate Hearings on Racketeering
- Investing Profit Sharing Funds



NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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July, 1957

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• In the Record •

Moonlighting and Its Controls

As the footnote on the next page explains, moonlighting, as it is currently used in personnel literature, has nothing to do with making love or liquor. Rather, it is double employment, or holding down two jobs at once.

This, of course, is not a new phenomenon. But it does seem to be a growing one. And companies are becoming concerned about its effect. Why moonlighting is more widespread today than ever before, its relation to hours of work, and what companies may do to control it are all discussed in the article starting on the next page.

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The Strike Manual

A strike might be likened to a natural disaster; everybody concerned gets hurt to some extent. Yet strikes continue to be called. And since there are almost always basic issues that neither a union nor a company will give way on, the strike is probably a long way from being a thing of the past.

Because of this, many companies and unions make preparations for a strike in the event that bargaining reaches an impasse. In some firms, the plans and procedures for meeting a strike are put in written form, as a strike manual. These manuals, although they vary in length from a few pages to several volumes, are almost always considered "top secret" documents by company executives, and they are treated as such. The article starting on page 238 examines the two basic types of strike manuals and tells what they both generally cover.

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The Fight for Clean Unions

The Hearings of the Senate Select Committee on Improper Activities in the Labor or Management Field have made headlines all over the country. To some people, graft, corruption, and racketeering have become synonymous with unionism. But is this the real picture? How widespread is corruption in the labor movement?

Three articles in this issue of the *Management Record* look at the problem of labor racketeering, as well as the collusion that is sometimes found between unions and management, from three different vantages. On page 240, Victor Riesel interviews Senator McClellan, chairman of the com-

mittee, and Robert Kennedy, the committee's chief counsel. On page 242, Father Corridan, well known for his work on the New York waterfront, discusses "The Moral Problem in Labor Racketeering." And on page 245, A. J. Hayes, president of the Machinists and chairman of the AFL-CIO Ethical Practices Committee, discusses "Labor's Fight To Clean House."

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Investment Policies under Deferred Profit Sharing Plans

The proposal of a new baseball team for New York City is making headlines with the suggestion that there be profit sharing among the ball players. While it is true that such tentative plans for our national sport usually do not have much pertinence to the average businessman (unless he also happens to be a baseball fan), this proposal is an indication of the widespread and growing popularity of profit sharing plans today.

The majority of these plans are of the deferred-distribution type, which means the employee does not receive his share of the profits until some specified time in the future, such as when he retires. A deferred plan also means that the company has in its trust large sums of money to be invested. While the Internal Revenue Code imposes certain restrictions on the investment of these funds, many companies also have set policies of their own that define and limit the ways in which these funds may be invested. The article starting on page 248 examines the investment policies on deferred profit sharing plans of 150 cooperating companies.

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Consumer Price Index—What It Is

After a look at the current price situation, the article starting on page 256 reviews the consumer price index in terms of what it does and what it doesn't do. Briefly, it is constructed as a measure of inflation or deflation in the economy. It tells whether the prices of a fixed market basket of goods and services are advancing or declining. It does not measure the cost of living (as so many people assume), for that would involve not only prices paid but also amounts bought.

For those who use the index, this review of what it is and what it isn't should be helpful.

Moonlighting and Its Controls

Holding down two jobs at a time—or moonlighting—is becoming more prevalent.

How companies may deal with this problem is pointed out here

CHARLIE WOODSON is the fictitious name of a real person, twenty-one years old, who presently is holding down two production jobs. Each requires thirty-seven and one-half hours of his time per week. "When I'm lucky, I get in a few hours on Saturday, too," Charlie reported, "and, of course, that's at overtime." Charlie earns \$64 per week on the job which he regards as his regular one and \$55 on the second job. With the overtime, he is able to make about \$125 per week, or \$6,500 on an annual basis. "That's supposing I can last out a year," Charlie observed as he checked the arithmetic.

There is some doubt that he can. Charlie has been a moonlighter for four months.¹ He would like to maintain his heavy schedule at least a few more months. "I don't feel spry like I used to," he said. "I guess I'm getting run down a bit. But I would like to hang on to the two jobs until about October. Then I'll probably keep the night job which pays best and try for some part-time work in addition, say three or four hours a day."

Holding down one full-time job is enough for most individuals. But not for Charlie. He not only has two full-time jobs but is studying auto mechanics on the side. He is ambitious to improve himself. He explains: "I finished high school four years ago and started working. I don't have any special trade or skills, so I can't get the high pay I need. I have a wife and one kid and we're expecting another. We live with my wife's folks, but naturally we'd like our own place. And the sooner, the better.

"I figure if I learn to be a good auto repair man, we'll be able to make out all right. I want to hold on to the two jobs until I can save up enough for the down payment on a small house."

The desire for additional income undoubtedly is the motivation behind almost all moonlighting. There may be some who take a second job to see if they like another line of work better. And a few ambitious souls may choose to work around the clock, thinking that by so doing they surely will get ahead in the business world. But double employment usually is thought of as a temporary expedient. For physical

reasons, if for no other, moonlighting can rarely be sustained over any extended period of time.

While the word "moonlighting" is new, the practice is not. There were moonlighters a generation ago. But the practice has grown in recent years, and it now is a matter of some importance. There are several million Charlie Woodsons in the United States today. Early this year the U.S. Census Bureau reported the results of a survey of workers with two or more jobs, which was made during the week of July 14, 1956. It found 3.7 million persons with multiple employment. (Only 1.8 million moonlighters were listed in a similar survey conducted in July, 1950.) However, since the Census counted persons who changed jobs during the week and persons with part-time or incidental extra jobs, the above figures may be considered somewhat inflated by strict standards.

CHIEF FACTORS ANALYZED

Yet undoubtedly there is more moonlighting today than ever before. Several factors may be cited to account for this. The five-day, forty-hour week is standard and many companies are on even shorter schedules. Power equipment has lightened countless operations. Thus, workers now have both the time and the vigor that are needed to carry a second job. Also the high cost of living has spurred many young family men to seek after-hours employment.

And a major factor in moonlighting in 1957 is the sheer number of job opportunities. There are page after page of ads in metropolitan newspapers beseeching the attention of job applicants. Positions offering high pay and generous benefits are described. Little is said about what is expected or demanded of the candidate. And when the applicant appears, he may be offered a job if he "looks good" to the interviewer. Careful questioning, testing, and record checking—standard procedures in normal times—too often give way to a superficial "once-over" as companies scramble for what manpower is available in their communities.

While most companies frown on double employment or attempt to forbid it entirely, they do not always know if and where it exists. Other companies are inclined to ignore or tolerate moonlighting, as long as it does not get out of hand. They look upon the practice as inevitable in a tight labor market, or as necessary in certain individual cases. A few companies

¹ Moonlighting is a fairly new term in personnel literature. It has nothing to do with making love or liquor, but nevertheless the subject is of some general interest. Moonlighting is double employment.

today will hire men even when it is known that they already are employed elsewhere.

In Charlie Woodson's case, for example, his primary employer knows that he has a second job. Charlie has explained to him that he wants to get a home of his own and that he must make extra money to do this. He says that his employer is sympathetic. But Charlie has not told the second employer that he has a regular job elsewhere. He feels somewhat guilty about this. He is less conscientious in his attendance and in his work on this job, which he considers his "extra" or secondary one.

WHAT IT IS

As defined here, moonlighting is paid work done after hours (day, night, or weekends) that is entirely separate from a man's regular job and which takes ten hours or more of his time per week. The working housewife, thus, is not a moonlighter. Neither is the office worker who teaches a class or two at night school. A man who works for a second employer while on his annual vacation is not moonlighting.

Firemen have long been moonlighters. They may be permitted to rest while on duty, and thus they have energy left over for after-hours work. They often are interested in supplementing their earnings by at least part-time, outside employment. Office employees may work as bartenders, taxi drivers, service station attendants, or at a variety of other occupations in the evenings. Some airline stewardesses, whose seniority status entitles them to preferred transcontinental flights over the weekend, hold down "regular" Monday-to-Friday jobs.

Workers on short hours—such as printers and rubber workers—are especially likely to seek extra jobs. Moonlighting at its worst occurs when an individual works for two competing firms, passing on to the second employer confidential information obtained through the primary employer. Situations of this sort have come to the attention of THE CONFERENCE BOARD. When discovered by the company, the penalty, of course, is immediate discharge.

RELATION TO HOURS OF WORK

Not surprisingly, there is a close relation between moonlighting and hours of work. It is doubtful that the idea of a second job occurred to many men in 1800 when the standard workweek was six days or seventy-two hours, or in 1860 when sixty-six hours was usual, or even in 1900 when the average workweek was 57.3 hours. But the twentieth century has brought dramatic changes. The five and one-half day, fifty-hour week after World War I soon gave way to the forty-four hour week and then to the five-day, forty-hour week. While the latter is still the mode, many companies experimented with thirty-, thirty-three-, thirty-five-, and thirty-seven and a half hour schedules

during the depression. And some never went back to the longer hours. Office workers in large cities as well as other groups rarely work as long as forty hours.

Economists have predicted that the trend in the workweek will continue downward, that better machines and methods will make the shorter week possible. Union leaders always are interested in shorter hours for their members, providing earnings are maintained.¹ There is pressure from all sides to improve "the American way of life." And this seems to consist chiefly in fewer hours of work, with more time for leisure and cultural activities. However, the prospect of increased moonlighting, as opposed to enjoyment of more leisure, is one of the problems often mentioned when further cuts in the workweek are considered.

In an effort to get a current picture of moonlighting problems and practices, THE CONFERENCE BOARD wrote a selected group of companies.² In making the choice, attention was given to firms in high employment areas, that had relatively short workweeks. Twenty-five of the forty-five companies contacted filled out an inquiry form. In addition, several executives wrote lengthy letters, giving their observations and opinions on the subject of moonlighting. An industrial breakdown of the twenty-five companies is: five firms in the rubber business; four in printing and publishing; four in transportation; four in beverages and confections; and eight in different fields of manufacturing.

Seven of the companies now are working less than a scheduled forty-hour week. None has a scheduled workweek of more than forty hours. Production workers *ordinarily* get overtime in only seven of the twenty-five companies. Fifteen executives said they believed that the workers in their firms would like to be getting more overtime.

HOW SERIOUS IS THE PROBLEM?

Of the twenty-five companies—deliberately selected as ones likely to be most affected by moonlighting—fifteen described the problem as "not serious." Five said moonlighting was a "minor headache" to them, and the remaining five said it was a "fairly serious" problem.

One company stated that, to the best of its knowledge, it had no moonlighters. At the other extreme, three executives estimated that 25% of their production workers had second jobs. Two companies reported

¹ Unions sometimes would have the public believe that they are primarily responsible for reducing the hours of work. Thus, the International Association of Machinists, in the first "whereas" of its 1957 resolution for the establishment of a thirty-hour workweek, said: "Whereas since 1900 the American labor movement has succeeded in reducing the normal workweek from seventy-two [sic] to forty hours with a tremendous advance in worker productivity..."

² It should be noted that the survey was limited to the effects of moonlighting on nonsupervisory, male production workers.

20%; and two others, 10%. The median figure of 5% was given by six of the companies.

Among employees working a forty-hour week, moonlighting was put at 8%; among those working less than a forty-hour schedule, the estimate was 14%. A comparison was made between workers getting "enough" overtime (as reported by the executives of their companies) and those thought to be desirous of more overtime. Here, curiously enough, it was found that the "enough" overtimers were engaging in slightly more moonlighting than the other group of workers.

In interpreting the figures in this survey, it would be well to keep two things in mind. First, the sample is small. When the twenty-five companies are divided into two groups and compared, the "probable error" of the average score is likely to be large. Second, some of the figures are estimates. A group of executives were asked a number of questions. Some they could answer factually—as the length of their scheduled workweeks. But other questions—such as how their workers feel about overtime opportunities, or how many are moonlighting, etc.—they could only estimate. They gave the best information they could and their best judgments; however in some instances it simply was not possible to support the replies with objective data.

The cooperating companies were asked to read five statements about moonlighting and to indicate if they felt they were *true* or *false*. Here are the statements and the results of the poll.

Statement	Number of Companies Voting		Number Not Voting
	True	False	
• Workers who have more than one regular job come to their main jobs tired and unable to give their best efforts.	15	4	6
• A chief argument for the shorter workweek (to provide more time for leisure and recreation) is defeated by moonlighting.	19	2	4
• Once a worker and his family become accustomed to a double income, it is difficult to readjust to a single income.	21	1	3
• When the second job is with a competing company, the effects of moonlighting may become especially serious to the original company.	19	0	6
• Moonlighting encourages workers to lie, falsify records (Social Security), etc.	11	6	8

Despite the general feeling against the practice, six companies said they would hire moonlighters—men whom they knew already had jobs with other organizations. The other companies took the opposite posi-

tion, or failed to answer the question. Asked if there was a statement in their employment application blanks to the effect that moonlighters would not be hired, all companies replied in the negative.¹

Although none of the twenty-five executives seems happy about the effects of moonlighting in their organizations, fourteen said they agree with the following statement: "Moonlighting is a personal matter, and the primary employer should not become concerned as long as the individual does his work satisfactorily." Eight executives disagreed with the statement, and three did not express an opinion.

There probably are some moonlighters in almost every company these days. As long as the practice of moonlighting does not get out of hand, it seems to be ignored or tolerated in most instances. But there is a point beyond which companies take cognizance of the problem. And action may follow swiftly.

The most serious forms of moonlighting, judging from the companies contacted, are:

- Working for a competitor.
- Working for someone else while on sick claim from the primary employer.
- Carrying on an after-hours job that reflects to the discredit of the primary employer.

Employees found to be engaged in moonlighting of these types usually are discharged at once.

On the other hand, forms of secondary work that are generally approved are:

- Do-it-yourself work.
- Self-employment, including farming.
- Almost any work that takes just a few hours per week, as teaching evening classes.
- A part-time or temporary second job which is approved in advance by the primary employer.

Moonlighting along these lines may even be encouraged by employers. Special consideration is often given the employee who shows ambition and industry off the job as well as during his regular work hours.

¹ On the theory that "an ounce of prevention is worth a pound of cure," the inclusion of such a statement might well be considered. Some companies discuss the matter of outside employment in their employee handbooks. Here are two such statements:

Company A—You must only work for _____. We know from experience that attempting to hold more than one paid job is neither fair to you nor to the company as it lowers job performance, increases absenteeism, and might complicate matters in the event of injury or illness.

Company B—Outside employment in general is discouraged because it is likely to interfere with an employee's regular work in the company. Experience has shown that it is to the best advantage of each employee in the long run to give his full attention and effort to the work in which he is primarily engaged.

Outside employment is prohibited under circumstances where it conflicts with the business or interests of the company.

HOW ARE THEY SPOTTED?

There are several ways that moonlighters come to management's attention. They may show excessive absenteeism and their work may suffer in quality or quantity, or in both. Also, they may become involved in accidents. Occasionally, a moonlighter will brag about his double employment, and the information gets up the line via the grapevine. Then, too, instances of moonlighters making trouble with other employees have been reported. The moonlighter may become irritable through fatigue and loss of sleep; he may try to shirk his part of the load; he may ask others to cover up for him, and so on.

Usual company practice is to warn the moonlighter. A verbal warning may be followed by a written one. The supervisor or a personnel representative may discuss the problem with the moonlighter and suggest that he choose one job and drop the other. If the situation is not corrected after a reasonable time, the employee probably will be discharged. And immediate discharge is the rule if it is discovered that the employee's second job is with a competing firm.

A final question directed to the companies was, "What suggestions can you pass on to other executives who are becoming concerned about moonlighting within their own organizations?" Many helpful ideas were contributed. For instance, one company writes:

"We presently are making a study of moonlighting. . . . It is a difficult matter to deal with because it involves the question of personal liberty—the right of the individual to use his own time as he sees fit. Furthermore, there is such a wide variety of situations involved that it is most difficult to make rules that would fit all circumstances. For example, if a rule were adopted prohibiting one of our employees from having another job with a municipality or a manufacturing concern, he would still be free to work as a private contractor or to work an unlimited number of hours in farming. And the net results, so far as rest is concerned, would be the same.

"Up to this time, our policy has been not to interfere unless it became clearly evident that the employee's other activities were preventing him from rendering proper service to us. A preliminary survey indicates that, generally speaking, this has not been a very serious problem to date."

Another company has this to say:

"In cases of habitual absenteeism, the employee first is suspended. Later, unless his attendance improves, he is discharged. We have had complete cooperation from the union in these cases. This would apply whether the man had two jobs or not, but we generally find that most of the cases of absenteeism are the result of holding two jobs.

"We have endeavored to work with the local union and the international union on this problem, but their reaction is rather passive if the individual's work is satisfactory. It is our belief that if we continue to hammer the point home to the union, eventually they will recognize that there is no place in the organization for moonlighters."

A consensus of the suggestions of the twenty-five co-operating companies for controlling moonlighting are summarized briefly here.

1. Establish company policy.
(Will *any* outside employment be permitted? If so, how much and under what circumstances?)
2. Explain company policy to job applicants.
(This may be done orally by the interviewer. Also, a folder of "Information for Job Applicants" may be prepared, containing statements on a number of subjects, including outside employment.)
3. Include a statement on outside employment in the company's application blank and also in the handbook for employees.
4. Cooperate with other employers in the area.
5. Work with and through the union.
(Union leaders appear as opposed to moonlighting as company executives.)
6. Watch for early signs of moonlighting in individual cases.
7. Use discharge as the final move if positive attempts to control the practice fail.

STEPHEN HABBE

Division of Personnel Administration

Management Bookshelf

The Dynamics of Interviewing—This book by two University of Michigan psychologists is written to appeal to a large audience of lay and professional workers. It is more a "why" study than a "how to do it" manual. Prominent attention is given the advantages of nondirective interviewing. Only a fraction of the text is directly related to business situations. *By R. L. Kahn and C. F. Cannell, John Wiley & Sons Inc., New York, New York, 1957, 368 pp. \$7.75.*

The National Civic Federation and the American Labor Movement, 1900-1925—This study attempts to trace the historical background of the National Civic Federation. The organization served as a meeting ground for leading businessmen, such as Senator Mark Hanna, and labor leaders, like Samuel Gompers, during the first decades of the twentieth century. The National Civic Federation attempted, in the words of the author, "to raise the level of industrial relations." As a result, members of the federation acted as mediators in disputes, fostered the use of the trade agreement, and worked for labor legislation that would rectify some of the ills which they believed weakened healthy industrial relations. *By Marguerite Green, The Catholic University of America Press, Washington, D. C., 1956, 537 pp. \$5.50.*

The Strike Manual

Some companies feel that strike preparations can best be made if there is a written manual of plans and procedures

WHEN COLLECTIVE BARGAINING brings about a strike, someone is bound to be hurt. The union may end up getting the extra 2 cents it sought. The company may end up sticking to its original proposal. But in the meantime the strike has imposed wage losses and production losses, to say the very least.

In anticipation of a strike, unions accumulate strike funds to help offset wage losses. And they attempt to perfect tactics to make the strike more effective. Management, too, more and more realizes that similar preparations are called for if a company is to sustain a strike without permanent damage.

So management's preparations have these main objectives:

- To enable it to maintain essential production or service.
- To retain the goodwill of the public and its customers.
- To enable the company to resume operations without damage to machinery or goods in process.

To carry out these objectives, some companies set up special strike committees to map out strike procedures, and some go so far as to prepare special manuals detailing the complete steps to be taken if a strike occurs.

STRIKE COMMITTEES

Among the 106 United States and Canadian companies that have had strike experience in recent years, ninety-five have set up strike committees. (See Table 1.) The committee's job is to think out in advance those arrangements that will lessen the strike's effect and enable the company to get back into full production immediately at the strike's end. These committees consist frequently of the president (29.0%); the top personnel administration executive (77.2%); the treasurer or controller (22.5%); and various vice-presidents in charge of functions such as manufacturing, sales, engineering and purchasing.

STRIKE MANUALS

Twenty-six of the ninety-five companies with strike committees went one step further in their strike preparations. They put their plans and procedures for meeting a strike in written form. Ten of these companies have a full-fledged "Manual of Procedures for

Strikes." Sixteen have their written strike instructions in other manuals, such as a "Standard Practices and Procedures Manual." However, several of the sixteen companies say that at a later date they intend to take the strike instructions out of these other manuals and incorporate them in a separate strike manual (see Table 2).

Company executives look upon their strike manuals as highly confidential "top secret" documents. They must be treated this way, according to the executives if they are to effectively deal with union strike tactics. Indicative of this secrecy is the fact that most people in companies with strike manuals are totally unaware of their existence. Listed among the safeguards adopted by some companies are the following:

1. Only a few copies are printed. These are numbered and responsibility for each copy's safekeeping is assigned to a particular individual.
2. Typing and duplicating of the manual is done only by trusted employees. If duplicated outside the firm, the job is split up, and given to several outside companies. Stencils for the manual are either destroyed or kept in a safe.
3. No one is permitted to carry the manual in his briefcase or on his person. All copies must remain in the office.
4. At night, and when not in use, copies must be placed in a safe or a locked file.
5. The company's name does not appear any place on or within the manual so that if it is lost or stolen there would be no means of identification. Pages that contain names of individuals—such as a listing of the home telephones of people to be contacted in a strike emergency—are kept separate from the manual and are frequently done on another typewriter and duplicator.

TWO BASIC TYPES

Strike manuals are of two essential types: first those prepared by companies whose business is such that they must continue operations during a strike; second, those who, if necessary, could shutdown during a strike.

The manuals of public utilities—which must continue in operation, strike or no strike—furnish examples of the first group. These manuals are very complex. Some are several volumes long and would fill a good size suitcase. They give in detail the entire operation of the company. The manuals of telephone companies, for example, specify operation jobs to be performed by practically every executive and supervisory employee.

And training for these jobs is no last-minute improvisation. Rather it begins months or even years before a strike appears imminent. It may require an executive to retrain himself in a job he graduated from one or two decades ago and report to a foreman several ranks below him. It may even call for executives to perform menial tasks. For instance, in case of a strike, a controller in one company is required to clean out garbage cans as part of the job of maintaining essential eating facilities for those who are carrying on the work of striking employees.

The manuals of steel companies furnish examples of the second group—firms that can shut down if necessary. With the exception of the early days of union activity in the Thirties, steel companies have traditionally shut down operations during strikes. Their manuals, therefore, are generally very short; they are concerned not with how to operate during a strike but with how to ride out a strike with the least damage to the company.

WHAT'S IN STRIKE MANUALS

The main purpose of a strike manual is to give the steps the company will take to meet a strike. While there is no such thing as a standard manual, a composite of the manuals examined indicates that they are designed to cover the following:

- The drawing up of plans for orderly shutdowns.

- The continuation during strikes of essential maintenance work and facilities.
- The state and local ordinances on picketing; court interpretation of these laws; and local enforcement, or lack of enforcement, of these laws.
- The arrangements necessary for taking pictures of picket line activity and possible violence as supporting evidence for an injunction action.
- The instructions that will be issued to foremen as to what they and their employees shall do to protect machinery and maintain essential services.
- The arrangements for the laying in of supplies (food, cots, blankets, etc.) *beforehand* for the care and feeding of essential personnel in the event ingress and egress is made impossible by picket line activity.
- The maintenance of relations with striking employees, customers, suppliers, the community and the press.
- The securing of necessary police protection.
- The handling of executives, supervisors and non-striking white collar employees.
- The drawing up of plans for an orderly return to work when the strike is over.

JAMES J. BAMBRICK, JR.

Division of Personnel Administration

Table 1: Number of United States and Canadian Companies, with Recent Strike Experience, that had a Strike Committee Draw Up Plans to Meet the Strike

106 Companies = 100%

	Total U.S. and Canadian Companies		Total U.S. Companies	By Number of Employees				Total Canadian Companies
	No.	Per Cent		1-249	250-999	1,000-4,999	Over 5,000	
Executives draw plans	95	89.6	83	2	12	27	42	12
Executives do not draw plans	10	9.5	9	3	1	2	3	1
No answer	1	.9	1	0	0	0	1	0
Total	106	100.0	93	5	13	29	46	13

Table 2: Number of United States and Canadian Companies, with Recent Strike Experience, that Have Written Strike Procedures

106 Companies = 100%

	Total U.S. and Canadian Companies		Total U.S. Companies	By Number of Employees				Total Canadian Companies
	No.	Per Cent		1-249	250-999	1,000-4,999	Over 5,000	
Have strike manual	10	9.4	7	0	0	2	5	3
Have similar device	16	15.1	13	0	1	2	10	3
Do not have strike manual or similar device	74	69.8	69	5	12	24	23	5
No answer	6	5.7	4	0	0	1	3	2
Total	106	100.0	93	5	13	29	46	13

The Senate Hearings on Racketeering

Victor Riesel interviews Senator John L. McClellan
and Chief Counsel Robert F. Kennedy

THE FOLLOWING is a condensation of a telephonic interview by Victor Riesel, Labor Editor, *New York Mirror*, with Senator John L. McClellan, Chairman, United States Senate Select Committee on Improper Activities in the Labor or Management Field and with Robert F. Kennedy, Chief Counsel of this committee. This interview was part of a Round Table discussion on labor racketeering, held at the 41st Annual Meeting of THE CONFERENCE BOARD.

VICTOR RIESEL: Senator McClellan, would you tell the audience here what pattern has developed in the course of these many months of sometimes very tense hearings? What pattern of rascality, to use your own word, have you found?

SENATOR McCLELLAN: Well, I think the broad, over-all pattern involves two phases that are important. One is the complete loss of control of the affairs of their union by union members in many locals and in many areas. In other words, there has been a total breakdown of, or a denial of, the democratic process, and the usurpation of power by some labor leaders, which in practice actually amounts to a dictatorship.

The other phase of the pattern has been a misuse of union funds, of dues and of pension and welfare funds. In addition, in some instances there has been improper use of power and position by some labor leaders for personal financial gain, often to the detriment of the membership of the union itself.

MR. RIESEL: Could you evaluate for us, Senator, where the responsibility lies in labor as well as in management?

SENATOR McCLELLAN: The responsibility in labor, I think, lies with unscrupulous labor leaders who let personal interest, greed, and avarice dominate them, rather than a deep concern for the responsibility and trust that is reposed in them by reason of their position. As for management, in some instances at least (and, of course, we have just begun the investigation), there are indications that business officials have entered into collusion with some labor leaders in a manner that is to the mutual advantage of the leaders of the labor union and of the management of the industry. This is detrimental to the welfare of both the union members and, in some instances, of the company. I think that is most reprehensible. I think

management people should reject and resist any pressures that are applied to compel them to yield in those instances. When they do yield, I think it is most improper and unfortunate.

MR. RIESEL: How deeply rooted is this in management? Have you found instances of wrong doing, of racketeering, collusion in management in the construction trades, on the waterfront, or in the trucking fields, as you have in some sections of the labor movement?

SENATOR McCLELLAN: Well, it is difficult to pinpoint it at this stage of the investigation. But we do have information which—if we investigate and find the charges are sustained—would indicate that these practices do prevail on the part of management in some areas. At this time I believe they do.

MR. RIESEL: Will you put management people on the witness stand?

SENATOR McCLELLAN: I believe you can be assured of that.

MR. RIESEL: There is a feeling in the labor movement that the committee's concentration on the Teamsters and on Dave Beck gives a rather weighted impression of what labor is. Are there complaints about other unions, Mr. Kennedy, indicating racketeering?

MR. KENNEDY: We have had complaints about other unions, written complaints over a period of about three or four months. In addition we have had complaints about the collusion between management and labor in a good number of fields.

MR. RIESEL: Could you tell us what other unions?

MR. KENNEDY: I can only name the unions we have already announced. We are looking into the Operating Engineers in New York, and the Allied Industrial Workers. I don't believe I could announce the names of other unions, at least until we prepare to hold some hearings.

MR. RIESEL: In what other cities are you contemplating investigation?

MR. KENNEDY: We have investigators now in about a dozen cities—New York, Boston, Omaha,

Chicago, Seattle, Los Angeles, Philadelphia and perhaps four or five other cities.

MR. RIESEL: What have you found in this strange spectator of a new kind of figure—new to the public—in labor and management circles? Have you finished with Nathan Shefferman?¹

MR. KENNEDY: No, we have not. We have been conducting an investigation now for about six or seven weeks into some of his activities. We are continuing that investigation. I hope we will be able to move on something—at least make a recommendation to the committee within two or three weeks as far as public hearings on that matter are concerned.

MR. RIESEL: Will you recall Mr. Shefferman?

MR. KENNEDY: I expect that he will be recalled.

MR. RIESEL: Before we swing back to Senator McClellan on the policy and the pattern of legislation, could you sum up for us, as chief counsel, what you think the committee has discovered specifically in the way of wrong doing in the section of the trade union movement which has been heard—namely the Teamsters?

MR. KENNEDY: Well, that is a little bit difficult for me. I don't know that I could add a great deal to what Senator McClellan has just stated. We have uncovered evidence of misuse of union funds which reaches at least over a million dollars in just the Teamsters. I would also agree with Senator McClellan concerning evidence that there has been a lack of observing democratic processes in some of the unions—for instance, certain unions that have been under trusteeship for a long period of time. More recently we have uncovered some evidence showing a very close and collusive arrangement between some of the large industrial leaders in the United States and labor people. I would think those would probably be the three fields.

MR. RIESEL: Senator McClellan, what do you think will come out of your probe?

SENATOR McCLELLAN: I think there will be a general review of labor legislation as well as the statutes that are now on the books. As we get the facts and see the patterns that are being followed today under the present law—for example, the uncontrolled power of the leadership of unions—I think the Congress will probably tighten up existing laws in many areas. The big thing and the important thing is, I am convinced, that the rank and file union members, if permitted to control and influence the destiny of their affairs, will keep unionism on a high plane.

The first step in legislation is to insure the demo-

cratic processes so that dictatorship is not on the rise in unionism, and so the men themselves can have something to say about their affairs. The next thing is that union funds—welfare funds and different funds—have reached such huge proportions that there should be some control over their investment and use, pretty much like a bank or any other trust institution. The union members should be protected. They pay their dues. They also receive payments from welfare funds and pension funds financed by management for the benefit of the rank-and-file members. Those funds should be protected so as to insure their use for the purpose for which they were set up.

MR. RIESEL: Senator, what would be the timetable for the type of laws you are suggesting? When do you think the discussion of legislation will come before the Senate Labor Committee?

SENATOR McCLELLAN: It is my hope that before this session of Congress adjourns we can submit an interim report on at least one or two aspects of legislation I have mentioned. I doubt that the Congress can, before adjournment of this session, do more than pass a resolution requiring that reports be made public and that the public be given information regarding union finances. Your other question gets into technical difficulty. It takes a real study and understanding of these problems to draft legislation that would provide the protection I have spoken of. I do hope by next January we can make a very substantial report that will enable the Congress to have the background of facts and information upon which to predicate corrective legislation.

MR. RIESEL: Senator McClellan, does your committee go on and on and become a standing committee? Do you see a permanent board created, or just laws coming out of the hearings?

SENATOR McCLELLAN: I seriously doubt the committee will go on and on and become a regular standing committee. I can hardly see any need for that after we have covered all the areas and given the Congress information as to what improper practices are now being engaged in by both labor and management. We will never be able to go out and investigate every complaint. What we have undertaken to do is present Congress with a picture of what is happening now that should be corrected. What other powers Congress may delegate to, or invest in, the National Labor Relations Board I do not know. At this time I would not be in favor of setting up another board. However, I suppose after a study of the information that we develop there may be a possibility some other board will be created. I do think the National Labor Relations Board should have power and be charged with the duty, before certifying bargaining rights, to determine that a union is being operated properly and that improper practices are not being engaged in.

¹ Nathan Shefferman is a labor relations consultant who claims to represent 500 firms. He was called before the Senate Committee in connection with "favors" he did for Dave Beck.

The Moral Problem in Labor Racketeering¹

by Rev. John M. Corridan

Le Moyne University

LABOR RACKETEERING, as I see it, exists in five areas of labor-management or intralabor relations. And those areas, in brief, are as follows: first, in organizable situations; second, where you have contract negotiations; third, in the execution of existing contracts; fourth, in the exploitation of special and/or general union funds; and fifth, in job control through perpetuation of officers in union positions by undemocratic practices and, at times, with management cooperation and the assistance of unethical lawyers.

In the first three areas—an organizable situation, or the negotiation of a contract, or the execution of the mechanics of a contract—where labor racketeering exists in practice, someone in management has to be an active or a passive cooperator, in probable violation of local or federal statutes or regulations. By active, I mean one who voluntarily either initiates or goes along with a violation of law, or at least of ethical principles; by passive, where some duress has been brought to bear.

In trying to analyze the problem I will break it down in these first three areas I have mentioned. The management participant in labor racketeering in all these first three instances is either an agent or he is a principal. By a principal, I mean one who has it within his power to determine policy. An agent, of course, is one who has policy handed to him. If the management participant is an agent, he is either acting on his own or he is acting under instructions. If he is acting on his own, then I would see it in this fashion—he alone is dishonest. The firm has a problem; it has one dishonest employee. If he is acting under instructions, then from an ethical viewpoint he is in the difficult position of being a material cooperator in a dishonest act, and he has the further ethical problem of determining under what conditions he can honestly continue with his present employment.

If a principal rather than an agent is involved, the firm is either a member of an effective ethical employers' association or it is not. If the firm is a member of an effective employers' association—which means the industry lives up to a code and the association has sufficient sanctions to bring corrective measures to bear when individual members step off the narrow

and honest way of doing things—then the industry in general has no problem, and the worst you have are the exceptions. And, unfortunately, we are always going to have exceptions.

If, however, the firm is not a member of an effective ethical employers' association—although the degree of moral culpability in certain instances may be negligible because of extenuating circumstances—the management participants are unlikely to volunteer information to law enforcement authorities or legislative committees. Opprobrium or fear of prosecution or fear of reprisals have been inhibitive in the past; they are right now; and they will be in the future. But where you do not have an effective ethical employers' association, I feel that the industry leaves itself open to a serious problem. And if the industry leaves itself open to a serious problem, law enforcement may have a serious problem. I am not referring so much to the work of the police departments but to the work of district attorneys, whether of a local or federal category.

In my opinion, in these first three areas—in organizable situations, in the negotiation of contracts, or in the execution of a contract—what I have been outlining in somewhat abstract fashion certainly could have been exemplified on the New York waterfront prior to the passage of the Bi-State Waterfront Compact. In my opinion, the employers in the harbor hiring longshoremen had only the facade of an employers' association. In practice it was a paper organization, and it rendered each of the member firms subject to various pressures coming from what has been picturesquely described as the mob element; it also allowed the unscrupulous among those employers to take advantage and gain tremendous profits, much greater than any so-called "take" of the mob element.

I would like to concretize this by one particular case. In this situation, a known "character" publicly threatened a minor management official on a pier, threatened to kill him, threatened to promote a work stoppage because the management official attempted to perform his duties by preventing a large stealing operation. The official had a complaint sworn out, backed up by the stevedoring company and by the steamship company. A warrant was taken out for the

¹Speech given at a Round Table on labor racketeering at the 41st Annual Meeting of THE CONFERENCE BOARD.

arrest of the man who made the threat, and, therefore, the complaint became public property. At this point a strike was pulled on the pier and pulled by the so-called mob boy's pals. The terms for the settling of the strike were to withdraw the complaint; and the man who made the complaint had to agree not to go back to work for that particular company. That solution was reached independently of the knowledge or the consent of the public authorities. The man received employment on the pier adjacent to the company that he had been fired from. I feel that the management interests were as much responsible for that condition as anybody else in the harbor.

Approaching this same problem of labor racketeering from the union standpoint, the union officials involved are either officers of an international or officers of a local or some intermediate union body. If an international union is involved, the international is either a member of the federated labor movement or it is not. If a member, the federation has a problem, particularly if the international does not come forward with sufficient corrective measures to remedy the situation. Although the AFL-CIO has adopted a sound code of ethical principles, prudential reasons may urge the federation to make haste slowly in moving toward the ultimate of the limited sanctions that the federation has at its disposal. If a local or an intermediate union body of the international is involved, the problem is immediately the international's and only intermediately the federation's. However, the corrective actions possible to the international—and I am prescinding from any window-dressing penalties—can be and are limited by the constitution of that international, and by contracts, and even by specialized union and management funds. The international is also limited by the law and by court decisions; and at times by sharp lawyers and by rival unions.

As far as I am concerned, new laws are not the answer to conspiracies for violating old laws. The best hope lies in the private principals themselves, policing themselves under much stronger codes and sanctions of fair competition to meet the special needs of each industry. I feel that you would need much more extensive and intensive organization than is present right at this moment among unions and industries for union leaders and business officials to fulfill their full social responsibilities, not only to their own groups but to the country as a whole. I realize that it is, and will be, a slow and continuing process. But, to me, it is the only sound moral and democratic approach. I would also say that the degree of success or the lack of it would be as good an index as you could get to the moral fiber of the country.

In the fourth area, exploitation of special and/or general union funds, there is basic agreement on the

need for regulation and control of union funds—namely, welfare and pension funds. In reality, the abuses, although shocking, have been relatively few. Yet the magnitude of the funds involved, the potentiality of poor management or corruption, and the accountability of strict trusteeship, whether exercised jointly by labor and management or separately, seem to me to require some regulation for the enforcement of sound standards. A more difficult problem is presented in determining the extent of the need for regulation of general union funds. Prescinding from the use of such funds for direct political contributions—I prescind because the full question, as I see it, involves the direct and indirect use of corporate as well as union funds in political matters—I feel that this whole question of political contributions is a sort of iceberg phenomenon. Only about 5% of it appears on the surface, and I don't feel confident to probe the 95% below the surface. I prescind, too, from the usage of corporate and union expense accounts; for that problem is wrapped up with the whole tax question and with the incentive problem. I don't think that you can fairly deal with union practices in the sphere of expense accounts or in political contributions unless you also include all other groups, and particularly as large a group as business is in this country.

Apart from these specialized uses of union funds, it would seem sufficient to me, as far as help in eradicating corrupt union influences, for federal law to require the bona fide public accounting of union finances to members, with suitable sanctions for perjury—no more, no less.

To insulate the labor movement against corrupt influences, by far the most difficult and vital areas center around job control and union democracy. The difficulty springs from three sources. First, from persons outside the labor movement who consciously or unconsciously advocate and work for anti-union legislation. Whether they realize it or not, in my opinion they jeopardize not only the security of the vast majority of trade unionists, but also the stability of thousands of sound labor-management relationships, and they vitiate the serious efforts of enlightened industry to promote better human relations.

The second difficulty springs from the few inside the labor movement who, together with the aid of certain businessmen and lawyers, “betray their trust and look upon the trade union movement not as a brotherhood to serve the general welfare but as a means to advance their own selfish purposes.”

And the third source of difficulty arises from the tremendous care that is necessary, and will be necessary, to reconcile the free character of the trade union movement with any government regulations which can gravely influence this basic free character. To me,

the most important questions in the interests of the the rank and file are how to secure—in a free democratic way—a process guaranteeing free elections of their officials; and how to secure an impartial tribunal for the review of any alleged arbitrary actions on the part of their officials without damaging unduly the necessary disciplinary powers that a union needs in order to function as a responsible organization. The facts are that in the overwhelming majority of unions you do have these institutions already. It is, however, also a fact that in too many unions you do not.

Much is made from time to time of the apathy of the rank and file in unions. In my book, there is no more apathy among the union rank and file than there is in any other human organization. In the defense of the rank and file, may I say that where they do not have bona fide elections and where they are not free

from the arbitrary actions of union officials, it frequently takes a man of heroic courage and perhaps even foolhardiness to try to correct grave and gross injustices. Where you do have free elections and equitable union procedures and proper accounting of finances—and you do have them in the vast majority of unions—you have the finest unions in the world and the best workingmen in the world.

The ideal recommendation would be to allow the labor movement to straighten out its own house; and the greatest part of that responsibility should be left to them because it is their responsibility. However, it is my opinion that the decent leadership in the labor movement does need the judicious help of government if it is going to do that job, and it needs that help because of the voluntary binding power that is at the heart of the labor movement's unity.

Management Bookshelf

Seventy Years of Life and Labor—This is the autobiography of Samuel Gompers, the first and long-time president of the American Federation of Labor. It is a revised and edited edition of an autobiography which originally appeared not long after Mr. Gompers' death in 1924. A foreword by the present head of the AFL-CIO, George Meany, expresses Mr. Meany's appreciation of the work of his predecessor. A lengthy introduction contributed by the editors of the volume, summarizes the main contributions made by Mr. Gompers to the labor movement. *Revised and edited by Philip Taft and John A. Sessions, E. P. Dutton and Co., New York, New York, 1957, 334 pp. \$5.*

Union Democracy: The Inside Politics of the International Typographical Union—This book studies political life within the International Typographical Union. The main purpose of the book, however, is not to study the ITU (although it does that at great length), but rather to analyze the factors that make for and sustain democracy in private organizations. The authors selected the ITU because it is the sole union which for over half a century has had a functioning two-party system with frequent turnover in office. *By Seymour Martin Lipset, Martin A. Trow, and James S. Coleman, The Free Press, Glencoe, Illinois, 1956, 455 pp. \$7.50.*

Personnel Administration—A Point of View and a Method—This book is a comprehensive study of the understanding and treatment of personnel problems, with emphasis upon the management aspects of personnel administration. The present volume, an extensively revised edition, gives particular consideration to those aspects of personnel administration in which most notable progress has been made in the nine years since the first edition appeared. A new chapter emphasizes recent developments in "Organization Planning and Executive Development," stressing the importance of personnel planning within the

management organization to improve management competence.

The book also considers further developments in line-staff relationships, in union-management relations, in methods of surveying employee morale, and in "economic education" for employees. The section on wages has been expanded to include recent agreements on supplementary unemployment compensation plans. The book features detailed case material to illustrate the subject matter and to allow the studious reader a chance to test his skill in situational analysis and decision making in personnel problems. An extensive bibliography is included. *By Paul Pigors and Charles A. Myers, McGraw-Hill Book Company, Inc., New York, New York, 1956, 711 pp. \$6.*

Guide for Conservation of Hearing in Noise—This revised edition explains how to determine the need for a hearing conservation program and how to organize and operate a practical program of this type. It includes technical information on assessment and control of noise exposure and methods and equipment for measuring hearing. *Subcommittee on Noise in Industry of the Committee on Conservation of Hearing, American Academy of Ophthalmology and Otolaryngology, 111 North Bonnie Brae Street, Los Angeles 26, California, 1957, 24 pp. Single copies free.*

Occupational Health Nursing Consultant Workshop—This report defines the educational responsibilities of the nurse consultant in occupational health, and how these responsibilities may be implemented. It is the result of a work conference of twenty-six nurse consultants from Canada, Puerto Rico and the United States. The group—which represented insurance companies, industry, government labor and health departments, a voluntary public nursing agency and nursing organizations—met at Yale University. *Department of Public Health, Section of Occupational Health, Yale University, New Haven, Connecticut, 1957, 20 pp. 75 cents.*

Labor's Fight To Clean House¹

by A. J. Hayes, President, International Association of Machinists, AFL-CIO,
and Chairman, AFL-CIO Ethical Practices Committee

I WANT TO MOVE toward the key point in my remarks immediately by posing a few questions. Do you think that it is reprehensible for a union leader to consort with and render assistance to the madam of a bawdy house? Well, I do. And judging from the page one headlines and the editorial comment concerning the alleged activity of a Teamster official in Portland, the publishers and editors of the nation's press agree with me.

The second question: Do you think it reprehensible for a nationally known business firm to utilize the services of a similar madam to entertain its salesmen and to obtain orders from prospective customers? My answer to that is exactly the same. I do. But judging from the handling of that story and the lack of editorial comment on it, the publishers and editors of the nation's press find it a matter of minor importance.

The third question: Do you think it improper or unethical, and perhaps illegal too, for a labor official to violate his fiduciary obligations to his union for personal financial gain? I very frankly tell you I do. I think it is wrong. I think it is illegal. And judging from the opinions expressed by Senator McClellan and many other members of the Select Committee, and also judging from newspaper coverage, they all agree with me.

The next question: Do you think it improper or unethical for a representative of industry to use his position, his knowledge, and his opportunity as an officer and trustee to acquire a personal profit? My answer to that is also the same. I do. But judging from the reaction of the people, there are many who apparently don't feel that way when it involves a representative of business or industry. The difference in attitude of the public press and many others in these cases makes it very clear, I think, that organized labor is on the spot as far as ethics are concerned. It also illustrates, it seems to me, a sort of double standard.

This is part of the problem that organized labor faces as it goes about its business of attempting to put its own house in order. The task of an owner of a house with termites, I assure you, is complicated and not eased by the neighbor who stands by mixing

advice and criticism while his own house is also infested. I mean by that, that the problem of ethics in the labor movement is part and parcel of the broader problem of ethics in society at large. This certainly does not justify any unethical or illegal conduct in the labor movement, of course, or excuse labor from the job of cleaning its own house. But it is a factor which is often overlooked by critics of the movement and by the public at large.

Within this frame of reference, I want to discuss briefly the following points. First, the extent and nature of corruption in the labor movement; second, what organized labor can do to clean its own house; third, what labor is doing to accomplish that objective; and, fourth, the role of other groups—legislative committees, the press, business and industry, the professions, and so on—in helping labor.

The fact is that there is corruption in the labor movement. A further fact, however, is that it does not permeate labor, as some people seem to think. It is limited to isolated but important segments of the movement. Some types of unions are natural targets for gangsters and racketeers who infiltrate the labor movement with larceny and blackmail in mind. Some union officials have been corrupted by insurance brokers and agents who look upon kickbacks and split commissions as effective methods of obtaining lucrative health and welfare business. Some unions have been corrupted by employers who would rather pay off than bargain in good faith. Some have been corrupted by the temptation—by no means limited to union officials—to dip into other people's money to solve personal financial problems or indulge extravagant personal tastes.

I and the overwhelming majority of the leadership of the current trade union movement abhor such corruption. I agree and, in fact, I insist, that unethical or illegal activities on the part of labor officials are far more reprehensible than similar activities by any other type of person, with the possible exception of public officials and members of the clergy. I say this because I believe that the fundamental goals and concepts of the labor movement demand a high sense of dedication and performance on the part of those who serve them.

¹ Speech given at a Round Table on "The Fight for Clean Unions" at the 41st Annual Meeting of THE CONFERENCE BOARD.

I do not agree, however, with the popular belief that such things as \$40,000 salaries, \$100,000 homes, swimming pools and the like are automatic proof of graft or corruption. My personal tastes run to a simpler way of life, and my union is less lavish in rewarding leadership than some others, but I see nothing intrinsically wrong with salaries in the \$35,000 to \$50,000 bracket. After all, they are still, in most cases, a minor fraction of the incomes of top industrial and business leaders. I think that material reward is dangerous only when the craving for it transcends and perverts the function of union leadership. I believe the same general principle holds true in every walk of life. Greed is a cardinal sin everywhere, not merely in the trade union movement.

The ability of the labor movement to deal with graft and corruption in its ranks is conditioned, of course, by the nature and by the structure of the American Federation of Labor and Congress of Industrial Organizations. That organization is a voluntary federation of autonomous national and international unions. It has direct disciplinary powers over its own officials and employees. It has no such powers over the officials of affiliated organizations. Thus, while the federation can remove an individual from membership on its executive council, it cannot act against him as an official of an affiliated union. The only thing it can do as regards his position in his own union is to put that organization on notice that if it does not get rid of him or any other undesirable individuals or influences, the organization will be suspended and may be expelled from the federation. In my own mind, the threat of disciplinary action may be used with greater effect than the act of suspension or expulsion itself. Too much haste in meting out punishment may serve only to help entrench the allegedly undesirable individuals and practices.

Even in the field of inquiry, the AFL-CIO has very limited powers and facilities. The limitation on power is, of course, a consequence of the voluntary nature of the federation and also of the autonomy of its affiliates. It is my opinion that the vesting of any greater power in the federation would be undesirable, although I admit that the present situation presents some problems in dealing with corruption. The AFL-CIO Executive Council and the Ethical Practices Committee, for example, have no power to compel attendance at any hearings or to take testimony under oath. All that either body can do in connection with the investigation of wrong doing is to schedule hearings and to give individuals or organizations an opportunity to present their side of the story. As far as initial information on corruption is concerned, the limited personnel and, incidentally, the limited resources of the federation rule out any large staff of

field investigators; the federation must depend to a considerable extent upon voluntary reports by individuals and affiliated unions and on the evidence developed by law enforcement agencies and legislative investigating committees.

The fight against corruption in the labor movement, notwithstanding propaganda to the contrary, has been going on for many years. The struggle was formalized in the constitution of the merged federation. This constitution, which listed protection against corrupt influences as a basic principle of the federation, empowered the executive council to investigate cases of alleged corruption and to take action in connection with these cases. The constitution also established the Committee on Ethical Practices.

The federation is doing everything within its power and facilities to rid itself and its affiliates of corrupt influences. It has, as most of you know, adopted codes of ethical practices covering four specific areas of activity.¹ The first code deals with the issuance of charters; the second one with the administration of health and welfare funds; the third with racketeers, communists and fascists; the fourth with conflicts of interest between union officers and other enterprises. In addition to this, the federation has stated officially its readiness to cooperate with all properly constituted investigations into crime and corruption in its ranks. It has even gone so far as to declare improper the use of an important personal constitutional guarantee, the Fifth Amendment, by union officials, when that guarantee is used to conceal improper union activities. I know of no other economic or social group which has ever gone so far in expressing its willingness to cooperate with public agencies.

The federation, I believe, has backed its words with actions against three national unions that appear to have fallen under the influence of graft and corruption. I am happy to say that under an extended deadline for housecleaning, those three unions are proceeding to rid themselves of corrupt influences. It is worth noting, I think, that action in all of these spheres was undertaken before the current investigations of the Senate Select Committee on Improper Activities in the Labor or Management Field got under way. It is also worth noting that the AFL-CIO has gone on record in favor of some remedial legislation in the health and welfare field, while, on the other hand, organized management opposes such legislation, and the insurance business remains hopefully silent on the sidelines. Incidentally, in this regard, neither management nor the insurance business has estab-

¹ During the week following Mr. Hayes' statement, the week of May 20, 1957, the AFL-CIO Executive Council adopted two additional codes of ethical practices, covering financial practices of unions and union democratic processes.

lished any standards of ethics in the health and welfare field.

I believe that organized labor has the primary responsibility for putting its own house in order; but it does need the assistance of society at large to do a thorough job. We of labor welcome such assistance. We know we cannot keep our movement completely free of corruption while corruption continues to exist in other segments of society. We know that the limitations on our powers of inquiry and action make essential the cooperation of law enforcement agencies and also legislative inquiries. But our declared willingness to cooperate with official public agencies in the matter of corruption in our ranks does not mean that we have given them a blank check to do as they will. We believe that they as well as we should have certain standards of ethical conduct.

I believe that management has an important contribution to make to the cause of ethics in the trade union movement. Management's attitude toward labor plays an important part in the type of union which the employees have. A hard-fisted, anti-union attitude gives rise to equally hard-fisted labor unions with ample opportunity for the type of leadership dedicated more to force than to reason. That is the kind of leadership which breeds goon squads and gangsterism. Then there is the type of management that would rather pay off the business agent than bargain with the rank and file. It, too, fosters racketeering and corruption.

There is cleaning to be done in houses other than the house of labor, if the labor movement is to rid itself of corruption. The holier-than-thou attitude, such as the one behind organized management's objection to the Douglas bill (which provides for public disclosure of welfare and pension fund finances), is disturbing in its implications that organized management intends to sit tight and let organized labor take all the blame. I don't think it will work, and I think it will do a lot of harm.

Labor, or certainly the overwhelming majority in the labor movement, including top officials, want the assistance of every segment of society in the important task of rooting out corruption; but much of the attention that the labor movement has been receiving so far cannot be classified as helpful. There is no doubt in my mind that individuals and organizations who want a weak labor movement or who want none at all have seized upon the current hue and cry over corruption in labor unions as an opportunity to accomplish their objectives.

We of labor are not particularly worried about our normal and natural opposition. We have met this kind of opposition before and we probably will always have to face it. What does concern us is the distortion of

fact that is producing misunderstandings and misconceptions among members of the general public, and the help, unwitting or intentional, which antilabor sources are receiving from the media of mass communication. It is one thing for organized labor, or anyone for that matter, to deal with an avowed enemy. You usually find out how to do that. It is quite another to deal with a misinformed person who considers himself your friend.

Labor is dedicated to the task of making and keeping itself a real force for freedom and justice in the future development of the United States. Employers may disagree with some of our immediate objectives, including the demands presented by their employees' negotiating committee the next time the contract comes open. But do not question the sincerity of the labor movement. We are sincere. We think we have as big a stake in the future of a free and prosperous country as anyone else in the United States.

Management Bookshelf

West Coast Collective Bargaining Systems—This series of short monographs deals with various aspects of collective bargaining on the West Coast. The following studies have been published: "Collective Bargaining in the Motion Picture Industry" by Hugh Lovell and Tasile Carter; "Industrial Relations in the Construction Industry: The Northern California Experience" by Gordon W. Bertram and Sherman J. Maisel; "Labor Relations in Agriculture" by Varden Fuller; "Collective Bargaining in the Non-ferrous Metals Industry" by Vernon H. Jensen; "Nonfactory Unionism and Labor Relations" by Van Dusen Kennedy; "Collective Bargaining in the Pacific Northwest Lumber Industry" by Margaret S. Glock; "Industrial Relations in the Pacific Coast Longshore Industry" by Betty V. H. Schneider and Abraham Siegel; "Industrial Relations in the California Aircraft Industry" by Arthur P. Allen and Betty V. H. Schneider; and "The Teamsters' Union on the West Coast" by J. B. Gillingham. "Labor Relations in the Hawaiian Sugar Industry" by Curtis C. Aller is to be published soon. *Edited by Clark Kerr and Curtis C. Aller; Institute of Industrial Relations; University of California, Berkeley, California; single issues, 50 cents; complete set, \$4.*

See . . . Hear . . . Mr. Businessman—Those who are concerned with the use of films in in-plant training and education may be interested in a recent mimeographed supplement to the 1954-1955 catalogue. The supplement lists nearly fifty additional movie and filmstrips on a great variety of subjects.

Films and filmstrips are for rent but the catalogue and supplement are offered for free distribution. *Audio-Visual Center, Bernard M. Baruch School of Business and Public Administration, City College, 17 Lexington Avenue, New York 10, New York.*

Investment Policies under Deferred Profit Sharing Plans

THERE ARE two types of profit sharing plans, based on the timing of the distribution of the employees' share among the participants. Under one—the current-distribution type—profits are distributed in cash either annually or at more frequent intervals. Under the other—the deferred-distribution type—the employee or his beneficiary does not receive his share until some time in the future—at retirement, or if he becomes permanently disabled, or when he dies, or if his services are terminated for some other reason.

The employer's contributions under a deferred plan are deposited in an irrevocable trust and must be used for the exclusive benefit of employees or their beneficiaries. The deferred profit sharing plan is governed by an elaborate trust agreement and must also comply with the provisions of the Internal Revenue Code and its accompanying regulations if the company and the participants are to obtain the maximum tax advantages.

The employer's contributions, which are credited to the individual's account, may accumulate for a long period before the participant gains possession of them. Consequently if there are a substantial number of participants, the pooled resources of the fund may amount to many thousands of dollars. In addition to the profits contributed by the employer, the fund may also be swelled by employee contributions under thrift provisions (about 35% of the deferred plans studied provide for employee savings). Another source of revenue to the fund is money earned on the deposits of the employer and the participants.

One of the primary purposes of the deferred profit sharing plan is to give the participant financial security in his old age. Therefore, the safeguarding of the funds accumulated in his behalf is a most important consideration. The Internal Revenue Code recognizes the possibility that the fund may not be invested in the best interests of the individual; and the code and the accompanying regulations specify certain prohibited transactions regarding the investment of the funds. If any of these prohibited transactions are engaged in, the trust loses its qualified status, as well as the tax-exempt status of the entire income of the trust. (See the accompanying box.)

INVESTMENT POLICIES

The investment policy pursued under a deferred trust is governed by the provisions of the trust agree-

ment. But under some plans, the wording of the provision is so broad that the administrator of the fund is at liberty to buy any type of security. In a survey of profit sharing soon to be published,¹ THE CONFERENCE BOARD found that sixty-seven, or 45%, of 150 companies with deferred-distribution plans do not have any restrictions on the type of securities the administrator may purchase for the fund, other than the restrictions imposed by the Internal Revenue Code.

Eighty-three, or 55%, of the reporting companies impose some limitation on the type of investments allowed, usually in order to safeguard the fund. Among the limitations most frequently found are the following:

- Employees' contributions may be invested only in securities that are legal under state laws for trust funds (twelve companies).
- Employees' contributions may be invested only in obligations of the United States Government (seventeen companies).
- The amount invested in common stock of other companies may not exceed a specified percentage of the funds, which ranges from 10% to 40% (seven companies).
- All or a portion of the funds are to be invested in life insurance or annuities (thirty-three companies).
- Funds may be invested only in "blue chip" stock (ten companies).
- Company contributions are to be invested only in securities that are legal under state laws for trust funds (nineteen companies).
- Company contributions may be invested in whole or in part in federal, state, or municipal bonds (thirty-one companies).
- Funds may be invested in real estate (eleven companies); or they may not be so invested (four companies).

Company Stock

Under an Internal Revenue Code provision, the Internal Revenue Service determines whether a proposed purchase of the employer's own shares is for the exclusive benefit of the participants. Forty-one of the 150 plans specifically include company stock among investments that may be purchased under the trust.

In fact fifteen of these plans provide that the fund is to be invested in company stock "as far

¹ "Sharing Profits with Employees," *Studies in Personnel Policy*, No. 162.

as practicable," while seven stipulate that the fund is to be invested exclusively in the employer's common stock. However, in order to diversify the holdings, nearly half of the forty-one plans provide that not more than a specified percentage of the fund (ranging from 5% to 50%) may be so invested. In contrast, twenty-two plans specifically forbid any purchase of the employers' securities.

PROHIBITED TRANSACTIONS

The 1954 Internal Revenue Code lists, for the first time, a group of trust transactions which may result in the loss of the qualified status of the trust and the tax-exempt status of the entire income of the trust. These prohibited operations are defined in Section 503 (C) to mean any transaction in which the trust:

(a) lends any part of its income or corpus to the employer, without receiving adequate security and a reasonable rate of interest;

(b) pays any compensation to the employer in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered;

(c) makes any part of its services available to the employer on a preferential basis;

(d) makes any substantial purchase of securities or any other property from the employer for which the employer receives more than "adequate" compensation;

(e) sells any substantial part of its securities or other properties to the employer for less than "adequate" consideration;

(f) engages in any other transaction which results in a substantial diversion of its income or corpus to the employer.

Ten plans offer the participant a choice as to how his share of the fund will be invested. As one alternative, he may direct the investment of his share of the profits in United States bonds. The other alternative is usually the common stock of the employer. Under some of these plans, a third choice is investing in the securities of other companies.

DOLLAR INVESTMENTS UNDER PROFIT SHARING

Cooperating companies were asked to break down the total assets of their funds (for the calendar year 1955) into seven investment categories. In all, replies were received from 114 companies that gave comparable data. The combined assets of the trust funds in these concerns were \$445,231,971. The smallest of the trusts has \$52,000 in its till, and the largest, \$42,884,000.

Table 1 shows the pooled assets of these 114 concerns, classified by size of total assets. The percentage of investments in the various categories does not vary greatly among the different size groups. Cash deposits are higher in the smallest trust funds (9.6% of total assets) than in the largest ones (3.5%), as might be expected.

Approximately a quarter of the total combined assets are invested in United States bonds, and a fifth of the assets are in corporate bonds. The proportion of assets in preferred stock is very small, 2.8%.

Profit sharing authorities are always interested in the percentage of funds invested in the common stock of the employer. For these 114 companies, the proportion is about a fifth, on an over-all basis. When broken down by size of the fund, it is found that the larger the assets, the greater the proportion of funds invested in the employer's common stock—from 10% in plans with assets of less than \$500,000 to 21.6% for funds with assets of \$5 million or more. The proportion of

Table 1: Total Assets in 114 Deferred Profit Sharing Trusts, Classified by Kinds of Assets and Size of Fund

In Thousands of Dollars

Kind of Assets	Total Assets		Assets under \$500		Assets \$500 to \$999		Assets \$1,000 to \$1,999		Assets \$2,000 to \$4,999		Assets \$5,000 and Over	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Cash and deposits	21,917	4.9	594	9.6	1,039	7.5	3,200	10.0	5,831	7.5	11,253	8.5
United States obligations ..	113,868	25.6	2,113	33.9	3,556	25.8	10,605	33.4	18,824	24.4	78,770	24.9
Corporate bonds	77,309	17.4	1,039	16.7	2,927	21.2	6,597	20.7	15,559	20.1	51,187	16.2
Preferred stock	12,541	2.8	367	5.9	550	4.0	2,120	6.7	2,244	2.9	7,261	2.3
Common stock												
own company	86,157	19.4	635	10.2	2,122	15.4	2,089	6.6	12,998	16.8	68,312	21.6
other companies	93,594	21.0	1,099	17.6	2,387	17.3	5,221	16.4	15,213	19.7	69,673	22.0
Other assets	39,846	8.9	379	6.1	1,223	8.8	1,964	6.2	6,584	8.6	29,697	9.5
Total assets	445,232	100.0	6,226	100.0	13,804	100.0	31,796	100.0	77,253	100.0	316,153	100.0
Number of companies	114		26		19		21		25		23	
Number of participants	194,259 ^a		10,805 ^b		11,871 ^b		17,959 ^b		42,302 ^b		111,322 ^b	

^aNumber of participants not given in five companies.

^bNumber of participants not given in one company in this group.

Table 2: Total Assets, Number of Participants and Per Capita Assets in 109 Companies

By Size of Fund				
Size of Fund	Number of Companies	Number of Participants	Total Assets in Thousands of Dollars	Per Capita Assets
Under \$500,000	25	10,805	\$ 5,813	\$ 538.00
\$500,000 to \$999,999 . . .	18	11,871	13,068	1,100.87
\$1,000,000 to \$1,999,999 .	20	17,959	29,939	1,667.08
\$2,000,000 to \$4,999,999 .	24	42,302	74,811	1,768.51
\$5,000,000 and over . . .	22	111,322	307,495	2,839.99
Total	109	194,259	\$431,126	\$2,219.36

funds invested in the common stock of other companies is about the same as for funds invested in the employer's stock—slightly over a fifth on an over-all basis.

Approximately a tenth of the assets are in unclassified investments—such as real estate, mortgages, loans to participants and insurance policies.

PER CAPITA DISTRIBUTION OF ASSETS

An analysis has also been made to determine the per capita distribution of the assets. For the 109 companies giving comparable data, 194,259 employees participate in funds, which have total assets of \$431,126,000. If these assets were to be distributed equally among the participants, the average amount per individual would be \$2,219.36. But if these data are analyzed according to the size of the fund, the average per capita asset among the \$5 million funds is over five times as large as the average per capita amount in the group with less than \$500,000 assets—or \$2,840 compared to \$538. (See Table 2.)

Looking at the funds individually, only 15% have per capita assets of more than \$5,000. In one company with 478 participants, the average is \$12,801, the largest per capita asset found. The smallest per capita asset among the individual plans studied is \$90.

F. BEATRICE BROWER

Division of Personnel Administration

Briefs on Employee Benefits

Women Retirees and the OASI Amendments

IN AUGUST, 1956, the Social Security Act was amended to provide retirement income to women workers at age sixty-two. By this amendment, if a woman chooses to retire after reaching sixty-two (but before age sixty-five) she receives a reduced "early retirement" benefit. This is a percentage of her primary insurance benefit—the benefit she would receive if she continued to work until sixty-five. The primary benefit is decreased 5/9 of 1% for each month that her actual retirement precedes the month she becomes sixty-five. Thus, if a woman worker retires the month she reaches sixty-two, she receives 80% of her age sixty-five income. At sixty-three and sixty-four she receives, respectively, 86⅔% and 93⅓% of her age sixty-five primary insurance benefit.¹

Last month THE CONFERENCE BOARD asked 153 companies with private pension plans what effect this OASI amendment has had on company retirement policy for women employees.² Practically all companies replied in the same vein: "We have made no changes in retirement policy since the Social Security Act was

amended last August. Nor are we actively considering any changes at the present time."

Only twenty (13%) of the companies either have changed retirement policy for women since August or are planning to do so. These changes, accomplished and prospective, are summarized below:

Normal retirement age

- Raised from sixty to sixty-two in two companies; and from sixty to sixty-five in three.
- Lowered to sixty-five from seventy in two companies, and from sixty-eight to sixty-five in one.

Early retirement age

- Added in eight companies: age sixty in five and age sixty-two in three.
- Raised from fifty to fifty-five in two companies, and from fifty-five to sixty in one.
- Lowered to fifty-five from sixty-three in one company.

Mandatory retirement age¹

- Added in five companies: age sixty-five in two, sixty-eight in two, and seventy in one.
- Raised from age sixty to sixty-two in one company, and from sixty to sixty-five in another; raised from sixty-five to seventy in one company.
- Lowered from seventy to sixty-five in two companies, and from sixty-five to sixty-two in one.

¹ The amendment became effective November 1, 1956, and the first benefits were paid December 1.

² About six out of ten of the companies are manufacturers, two-thirds of them producing durable goods. About half of the non-manufacturers are public utilities. Almost half of the companies employ 1,000 to 10,000 workers. One-third employ less than 1,000 and 14% more than 10,000.

¹ The age beyond which few, if any, employees are allowed to continue working.

As these figures indicate, there have been few shifts of any kind in retirement policy for women since the federal benefit was installed. Furthermore, even among the twenty companies that have made changes, sixty-two has not become a magic age. Only in six companies, whose plans are shown in the table below, does age sixty-two figure in retirement policy. The vast bulk of companies still use sixty-five as the normal retirement age for women; fifty-five or sixty remains the early retirement age, and sixty-five is still the mandatory retirement age.

However, in the six companies that now use age sixty-two, the changes obviously are related to the federal early retirement benefit. But the changes made by all twenty companies suggest that the OASI amendment has had an appreciable impact in two special situations. First, 30% (eight) of the twenty-six companies that had no early retirement age prior to last August have added one since. (Five now have a formal early retirement age of sixty and three, age sixty-two.) Similarly, about 30% (five) of the eighteen companies that had a *normal* retirement age lower than sixty-two prior to August have since raised the age. (Three now have normal retirement at sixty-five and two at sixty-two.) Or, to put it another way, out of the twenty companies which have changed retirement policy for women since August, 1956, thirteen previously either had no general early retirement

Changes in Women's Retirement Ages Related to the OASI Amendment

Six Companies

	Retirement Ages	
	Now	Planned ²
Company A		
Normal retirement	60	62
Early retirement	55	60
Mandatory retirement ¹	60	62
Company B		
Normal retirement	60	62
Early retirement	50	55
Mandatory retirement ¹	65	65
Company C		
Normal retirement	60	60
Early retirement	50	50
Mandatory retirement ¹	65	62
Company D		
Normal retirement	65	65
Early retirement	—	62
Mandatory retirement ¹	65	65
Company E		
Normal retirement	65	65
Early retirement	—	62
Mandatory retirement ¹	70	70
Company F		
Normal retirement	65	65
Early retirement	—	62
Mandatory retirement ¹	—	—

¹ Few, if any, employees are allowed to work beyond this age.
² Planned changes are in bold face.

How OASI Benefits Are Reduced for Women before Age Sixty-five

Age when Benefits Elected		Per Cent of Normal Benefit at Age 65	
Years	Months	Woman Employee	Wife of Retired Worker
62	—	80.	75.
	1	80.556	75.694
	2	81.111	76.389
	3	81.667	77.083
	4	82.222	77.778
	5	82.778	78.472
	6	83.333	79.167
	7	83.889	79.861
	8	84.445	80.556
	9	85.	81.250
	10	85.556	81.944
	11	86.111	82.639
63	—	86.667	83.333
	1	87.222	84.028
	2	87.778	84.722
	3	88.333	85.417
	4	88.889	86.111
	5	89.445	86.806
	6	90.	87.500
	7	90.556	88.194
	8	91.111	88.889
	9	91.667	89.583
	10	92.223	90.278
	11	92.778	90.972
64	—	93.333	91.667
	1	93.889	92.361
	2	94.445	93.056
	3	95.	93.750
	4	95.556	94.444
	5	96.111	95.139
	6	96.667	95.833
	7	97.222	96.528
	8	97.778	97.222
	9	98.333	97.917
	10	98.889	98.611
	11	99.445	99.306

provision or had a normal retirement age below sixty-two.

Of course, these data are not conclusive. The tendency to raise the normal retirement age of women (primarily to make it the same as for men) was evident long before August, 1956. So, too, the increasing prevalence of early retirement provisions. But the data and logic suggest that the first impact of federal early retirement benefits centers on these two special cases. Companies without any early retirement provisions, and companies with a *normal* retirement age below the federal *early* retirement age may well be the first to reconsider their policies when federal benefits become available.

HARLAND FOX

Division of Personnel Administration

Unions Plan for Automation

AUTOMATION is like expecting a new baby," states *The CWA News* (Communication Workers of America). "You know it's going to be wonderful, but you also know you have to learn how to prepare the formula."

How unions view the problems of automation is outlined in *The American Federationist* by Jack Barbash, the research and education director of the AFL-CIO Industrial Union Department. Four kinds of job shifts¹ caused by automation are defined by him in this article:

- External displacement—the separation of the worker from employment
- Internal displacement—the separation of the worker from his usual job and his transfer to either a higher-rated or lower-rated job
- Competitive displacement—installation of automation in one plant causing layoffs in competitors' plants
- Opportunity displacement—no loss of jobs but decrease in job opportunities in the plant or in the industry

While most of the public attention has been on external displacement, the other three, Mr. Barbash states, have many important implications which collective bargaining cannot ignore.

In the light of job shifts caused by automation, the objectives of collective bargaining, according to the IUD research director, are:

"To moderate the force of reduction in employment opportunities.

"To protect the individual worker from arbitrary and harsh action in the transition period by insisting on the participating role of the union in the administration of the technological change.

"To prevent the impairment of earning opportunities.

"To enforce safe working conditions.

"To conserve the skill standards of a craft.

"To protect union jurisdiction."

To implement these objectives, Mr. Barbash says, unions are paying close attention to the following types of contract provisions "designed to protect and maintain wage income in a period of accelerated technological change":

¹ These shifts were first described by Nat Weinberg. Mr. Weinberg was formerly the UAW research and engineering director and now is special projects director, reporting directly to President Walter Reuther.

1. Guaranteed annual wage and supplementary unemployment benefit plans are important. "Improvement factors," a shorter workweek, and dismissal pay are other union demands cited as being at least in part a response to automation.

2. Some unions are demanding the adoption of company-wide bonus systems. Others, like the UAW, will strike over production standards in order to prevent a larger reduction in the labor force—caused by automation—than the union feels is equitable.

3. Seniority is also looming larger. Preferential hiring of displaced workers on a company-wide and even intercompany basis is being asked for by some unions.

4. To prevent or minimize unsatisfactory "internal displacements," unions are pushing for more control over training programs. Unions argue that if management controls training, then it will have complete control over who will be kept once automatic machinery is installed. Consequently, some have included training provisions in their union contracts.

An example of a training provision is the following clause from an agreement negotiated by the Commercial Telegraphers Union:

"The company agrees that when for any reason changes in its operating and technical methods of practices require additional knowledge and skill on the part of its employees, such employees will be given opportunity to study and practice to acquire any knowledge and skill necessary to retain their employment, provided the individual can qualify for the new work within a reasonable training period, due recognition being given to the difference in aptitude in various employees. The company agrees to furnish the necessary instruction at such employee's prevailing rate of pay."

5. Collective agreements also include provisions for automation committees and automation clauses. One automation clause is contained in a Bakery Workers' contract and states that:

1. The right of management to introduce technological innovations after notice to, and discussion with, the union of the prospective effect on employment, earnings, and conditions of work.

"2. No employee shall lose his employment or job classification or suffer a reduction in the rate of pay by reasons of such changes in production."

3. Any resulting increase in productivity reducing the labor unit cost shall have the effect of reopening the wage rate provisions of the contract irrespective of any other provision on the subject.

4. If the parties are unable to reach agreement after thirty days, the dispute will be submitted to arbitration.

A joint automation committee is provided for in an IUE contract. The committee's functions are:

"a. To study the effect of [automation] changes on the utilization of manpower.

"b. To study the data on technological changes as they occur, and the effect on manpower requirements.

"c. To make such recommendations as are agreed upon to extend the benefits of automation to employer and employee."

6. A re-examination of methods of wage determination is also being called for by certain unions. For example, James Carey, IUE president, has said that present job evaluation schemes may not be adequate for the automated operations; the relative factors and weights must be revised. "As an example, a much greater weight should be given to the factors of 'responsibility for equipment'; 'responsibility for materials and products'; visual effort and mental tension and fatigue. In addition we should seek to have added on an additional factor—'productivity of the equipment.' This is especially important if the corporation attempts to end the incentive systems and place the operations on day rates."

Other Unions Have Their Say

Automation also concerns the railroad worker. The president of the Brotherhood of Railroad Trainmen, W. P. Kennedy, announces in the *Trainman News* that "automation is the most serious threat and the most promising opportunity of the 20th century." Mr. Kennedy fears that the gains in productivity in the railroad industry are not being shared fairly with the workers. He states that workers are ready to cooperate with management in speeding up production, but management in turn has not always cooperated—particularly in the failure "to work out adequate job displacement programs."

The hardest hit workers, Mr. Kennedy states, are the oldest workers with the most seniority. He therefore suggests earlier retirement programs and adequate severance pay. He also favors a program of transferring workers from one division to another, or from one railroad to another, where skills are transferable. The Railroad Trainmen president further recommends the institution of a retraining and relocation program under federal guidance for those who are displaced by automation in the railroad industry. He also believes increased unemployment compensation will help. For those who are not displaced, Mr. Kennedy states, the benefits of automation should be in the form of more pay and shorter working hours, and he predicts that these items will be brought forth in future negotiations.

The president of the Office Employees International Union, Howard A. Coughlin, according to the *AFL-*

CIO News, also discussed automation at a recent convention of his union. He called upon the assembled delegates to include clauses in white collar union contracts that provide for the retraining of employees displaced by automation. Protection against the installation of machines in offices should be sought by the white collar union, Mr. Coughlin continues, to prevent layoffs and to establish "substantial" severance pay and pension programs.

No-Raiding Agreement

AFL-CIO Secretary-Treasurer William F. Schnitzler reported in *News from the AFL-CIO* that 122 cases had been processed under the AFL-CIO no-raiding agreements from July 9, 1954, to May 15, 1957. Of the 122 cases handled, twenty-nine went to the impartial umpire, David L. Cole, and eighty-eight were resolved through negotiations. Mr. Schnitzler comments that the unions' experience with the agreement has been "highly satisfactory," while Mr. Cole comments that the agreement (signed by 103 of the 138 affiliates of the AFL-CIO) "has been effective."

In the related field of jurisdictional disputes, Howard Coughlin, president of the Office Employees International Union, has urged the AFL-CIO to establish a tribunal to settle jurisdictional disputes among affiliates, reports *Labor's Daily*. Mr. Coughlin told delegates to the recent convention of his union that the OEIU will not agree to any jurisdictional settlement unless such a tribunal is formed.

The president of the OEIU pointed out that the AFL-CIO merger, which guaranteed the existing jurisdictions of all unions, has caused much "overlapping." This has affected OEIU's organizing drives, said Mr. Coughlin, because both his union and the former CIO industrial unions claim office and clerical employees in industrial plants.

Major Medical Insurance "Not Enough"

The AFL-CIO charges that major medical insurance may be a "barrier" rather than a help in providing financial protection against illness. In a new pamphlet, "Catastrophic Illness Insurance" (described in *Labor's Daily*), the AFL-CIO goes on to say that "at its best, major medical expense insurance is a useful supplementary insurance only when comprehensive care is already provided for the union member. At its worst, it is a frill that diverts funds from the basic coverage where protection is most needed." The latter, the paper asserts, results from the deductible feature in the insurance that eliminates small claims and relies on co-insurance "to give the insured an interest in keeping claims down."

ALBERT A. BLUM

Division of Personnel Administration

Canadian Labor Press Highlights

Organization

Organization was the main topic at the first meeting of the general board of the Canadian Labour Congress.¹ According to the *CLC News*, Organizational Director Joe MacKenzie told the board that 2.5 million Canadian workers are potential union members, of which about 650,000 can be described as white collar. However, over the last ten years, unionization in Canada has barely kept up with the growth of the work force: CLC figures show that in 1946 the number of workers covered by union agreements equaled 33% of the nonagricultural work force; the figure was 40% in 1952, and 39% in 1955.

Currently the percentage of unionization on an industry basis ranges from 83% in transportation, storage and communications to less than 1% in finance, insurance and real estate. In manufacturing, the CLC figures indicate the range is from 26% to 28% for such industries as wood products, leather products, food and beverages, and chemicals; from 60% to 65% for tobacco, rubber, and paper products; while the most highly organized is transportation equipment with 77% of the workers covered by agreements. Geographically, the CLC's figures show British Columbia's 51% unionization is the highest, while the prairie provinces are least organized, with 27%.²

Organization was also the main subject at the national policy conference of Canadian Steelworkers. As reported in *Steel Labor* (Canadian edition), the national director of the Steelworkers, William Mahoney, told the meeting that while Steel's greatest challenge is to organize the unorganized, another important organizing task is mining and smelting. Mr. Mahoney claimed that at present the Steelworkers "represent more people than the only other union functioning in this field—a union which is outside the main stream of the trade union movement. . . ."

The International Union of Mine, Mill and Smelter Workers (the union referred to) countered in the *Mine-Mill Herald* by suggesting that the 58% figure for organized workers in their industry could be improved if the Steelworkers' union stopped "its invasion and disruption in every new mining camp where the workers are organizing themselves into Mine-Mill."

¹ The general board is an advisory body to the CLC's executive council. It is comprised of the council and one representative from each of the affiliated unions. It meets in alternate years when there is no CLC convention.

² The figures quoted by the *CLC News* and discussed at the general board's meeting were prepared by the CLC's research staff and presented in a booklet called "The Extent of Union Organization in Canada."

Similarly "outside the main stream of the trade union movement" and also concerned with organization is the United Electrical Workers' union. The *UE Canadian News* claims that eight new plants have been organized in the past six months, bringing UE's membership in Canada to 25,000.

CLC's First Suspension

Recently the CLC executive council suspended the International Union of Operating Engineers. This is the first union to be suspended by the merged congress. According to the *CLC News*, the disciplinary measure was taken because of the union's raiding practices. The newspaper says the action followed twenty-four complaints from twelve different unions, with most of the reported raids occurring in Ontario.

In January of this year, the Operating Engineers' executives had been warned to end the union's raiding. But they failed to do so, and consequently the union was suspended.

The suspension of the Canadian IUOE will be reviewed by the CLC convention next April. But the *B. C. Lumber Worker* (International Woodworkers of America) reports that the suspension will remain in force until the Operating Engineers can prove to the CLC that they are prepared to meet the obligations of no raiding imposed by the CLC constitution. The union has approximately 10,000 members in Canada.

Labor's Political Views

The last issue of the *CLC News* prior to the federal election printed the official statement of the CLC executive council which said, in part: "We urge our membership most strongly to support such candidates as will, if elected, initiate and vote for the immediate implementation of a comprehensive program of health care and who will support the legislative program of the Canadian Labour Congress."¹

Although there was some speculation last year when the CLC was formed as to whether organized labor might back a particular political party, only a few labor groups officially did so. The newly merged Ontario Federation of Labour, along with local labor groups in such centers as Windsor and Hamilton, were reported in the labor press as supporting the Cooperative Commonwealth Federation. But the unions on the whole used their publications to urge their members to vote for whichever candidates promised to support the union's legislative aims.

SHIRLEY MANNING
Canadian Office

¹ For earlier union discussion of Canada's health program, see *Management Record*, March, 1957, p. 98.

Significant Labor Statistics

Item	Unit	1957					1956		Year Ago	Percentage Change	
		May	April	Mar.	Feb.	Jan.	Dec.	Nov.		Latest Month over Previous Month	Latest Month over Year Ago
Consumer Price Indexes											
All Items.....	1953 = 100	104.1	103.9	103.7	103.6	103.4	103.2	103.2	101.2	+0.2	+2.9
Food.....	1953 = 100	101.1	100.6	100.4	100.5	100.2	100.5	100.5	97.7	+0.5	+3.5
Housing.....	1953 = 100	105.4	105.4	105.2	104.8	104.5	103.7	103.6	102.6	0	+2.7
Apparel.....	1953 = 100	101.2	101.1	101.0	100.9	100.8	100.7	100.7	99.7	+0.1	-1.5
Transportation.....	1953 = 100	107.4	107.4	107.3	107.7	107.8	107.9	107.7	104.1	0	+3.2
Sundries.....	1953 = 100	106.5	106.3	106.1	105.8	105.5	105.4	105.2	103.8	+0.2	+2.6
Purchasing value of dollar.....	1953 dollars	96.0	96.2	96.4	96.5	96.7	96.9	96.9	98.8	-0.2	-2.8
(BLS) All items.....	1947-1949 = 100		119.3	118.9	118.7	118.2	118.0	117.8			
Employment Status ¹											
Civilian labor force.....	thousands	67,898	66,951	66,746	66,811	65,821	67,029	67,782	67,846	+1.4	+0.1
Employed.....	thousands	65,178	64,261	63,865	63,190	62,578	64,550	65,269	65,238	+1.4	-0.1
Agriculture.....	thousands	6,659	5,755	5,434	5,195	4,985	5,110	6,192	7,146	+15.7	-6.8
Nonagricultural industries.....	thousands	58,519	58,506	58,431	57,996	57,643	59,440	59,076	58,092	A	+0.7
Unemployed.....	thousands	2,715	2,690	2,882	3,121	3,243	2,479	2,463	2,608	+0.9	+4.1
Wage Earners ^{2,3}											
Employees in nonagr'l establishments.....	thousands	p 52,354	r 52,242	r 51,894	r 51,704	51,288	53,181	52,484	51,578	+0.2	+1.5
Manufacturing.....	thousands	p 16,685	r 16,807	r 16,933	r 16,945	16,987	17,133	17,151	16,730	-0.7	-0.3
Mining.....	thousands	p 890	r 839	r 891	r 899	804	811	811	806	-0.4	+3.0
Construction.....	thousands	p 3,066	r 2,916	r 2,756	r 2,673	2,719	3,029	3,191	2,970	+5.1	+3.2
Transportation and public utilities.....	thousands	p 4,161	r 4,158	r 4,147	r 4,120	4,112	4,180	4,170	4,149	+0.1	+0.3
Trade.....	thousands	p 11,415	r 11,424	r 11,265	r 11,225	11,139	12,092	11,496	11,126	-0.1	+2.6
Finance.....	thousands	p 2,333	r 2,319	r 2,310	r 2,301	2,294	2,308	2,313	2,299	+0.6	+1.5
Service.....	thousands	p 6,497	r 6,435	r 6,317	r 6,278	5,918	5,976	6,010	6,282	+1.0	+3.4
Government.....	thousands	p 7,367	r 7,350	r 7,335	r 7,334	7,315	7,602	7,342	7,216	+0.2	+2.1
Production and related workers in mfg. employment											
All manufacturing.....	thousands	p 12,831	r 12,956	r 13,085	r 13,114	13,117	13,312	13,353	13,063	-1.0	-1.8
Durable.....	thousands	p 7,564	r 7,625	r 7,693	r 7,721	7,703	7,791	7,802	7,648	-0.8	-1.1
Nondurable.....	thousands	p 5,267	r 5,331	r 5,392	r 5,393	5,414	5,521	5,551	5,415	-1.2	-2.7
Average weekly hours											
All manufacturing.....	number	p 39.7	r 39.8	40.1	40.2	40.1	41.0	40.6	40.0	-0.3	-0.75
Durable.....	number	p 40.2	r 40.5	40.7	40.9	40.8	41.9	41.2	40.8	-0.7	-1.5
Nondurable.....	number	p 38.8	r 38.8	39.2	39.3	39.1	39.8	39.6	39.0	0	-0.5
Average hourly earnings											
All manufacturing.....	dollars	p 2.06	r 2.06	2.05	2.05	2.05	2.05	2.03	1.96	0	+5.1
Durable.....	dollars	p 2.17	r 2.18	2.18	2.17	2.17	2.18	2.16	2.08	-0.5	+4.3
Nondurable.....	dollars	p 1.88	r 1.87	1.87	1.86	1.86	1.86	1.85	1.80	+0.5	+4.4
Average weekly earnings											
All manufacturing.....	dollars	p 81.78	r 81.99	82.21	82.41	82.21	84.05	82.42	78.40	-0.3	+4.3
Durable.....	dollars	p 87.23	r 88.29	88.73	88.75	88.54	91.34	88.99	84.86	-1.2	+2.8
Nondurable.....	dollars	p 72.94	r 72.56	73.30	73.10	72.73	74.03	73.26	70.20	+0.5	+3.9
Straight time hourly earnings (estimated)											
All manufacturing.....	dollars	p 2.01	r 2.01	1.99	1.99	1.99	1.98	1.97	1.91	0	+5.2
Durable.....	dollars	p 2.11	r 2.11	2.11	2.10	2.10	2.09	2.08	2.01	0	+5.0
Nondurable.....	dollars	p 1.84	r 1.83	1.83	1.82	1.82	1.81	1.81	1.76	-0.5	+4.5
Turnover Rates in Manufacturing ²											
Separations.....	per 100 employees	p 3.3	r 3.3	3.3	3.0	3.3	2.8	3.3	3.7	0	-10.8
Quits.....	per 100 employees	p 1.4	r 1.3	1.3	1.2	1.3	1.0	1.3	1.6	+7.7	-12.5
Discharges.....	per 100 employees	p 0.3	r 0.2	0.2	0.2	0.2	0.2	0.3	0.3	+50.0	0
Layoffs.....	per 100 employees	p 1.4	r 1.5	1.5	1.4	1.5	1.4	1.5	1.6	-6.7	-12.5
Accessions.....	per 100 employees	p 2.9	r 2.8	2.8	2.8	3.2	2.2	2.9	3.3	+5.6	-12.1

Bureau of the Census. Beginning with January, 1957, employment status figures reflect slightly modified definitions of employment and unemployment.
Bureau of Labor Statistics.
The BLS has adjusted its nonfarm employment and hours and earnings series to first

quarter 1955 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since February, 1956.
p Preliminary. r Revised. A Less than .05% change.

Consumer Prices and the Use of the Index

After a look at the May price picture, the consumer price index is appraised in terms of what it actually measures as well as some of its misuses

THE RETAIL PRICE LEVEL, as measured by THE CONFERENCE BOARD'S consumer price index, continued its steady rise as a 0.2% increase was recorded in May. The all-items index for the United States reached 104.1 (1953 = 100)—an increase of 0.2% over April and 2.9% over the year-ago level. The May advance constituted the fifth consecutive rise for the year, bringing the total price gain for 1957 to 0.9%.

As a result of the price increase, the purchasing value of the consumer dollar fell 0.2 cent in May, 1957, to reach a new all-time low of 96.0 cents (1953 dollar = 100 cents); this was 2.8 cents below the May, 1956, figure.

The May rise in the price level was caused primarily by seasonal increases in food prices. The food index rose 0.5% over the month, while sundries and apparel registered lesser gains of 0.2% and 0.1% respectively. Housing and transportation costs, on the other hand, remained unchanged over the month. Thus, with the exception of food, May was a month of relative price stability.

Food Seasonally High

The erratic behavior of food prices in the last five months may be considered a thing of the past (at least for the time being) as this group entered its spring-summer upswing in May. The main push for this seasonal increase came from fresh fruits and vegetables, which recorded price hikes of 4.0% and 5.9% respectively. These substantial increases were tempered somewhat by continued declines for frozen produce. The total fruits and vegetable index thus rose only 3.3% over the month.

The continued recovery of meat, fish and poultry prices (up 0.9%) contributed substantially to the May increase of the food index. This latest advance brought this subgroup to 2.4% above its January, 1957, low. Beef (up 1.8%) was largely responsible for the May advance. However, the longer-term recovery is mainly attributable to stronger pork prices, which in May had risen 4.2% since January, 1957. Poultry prices, which had recently recovered somewhat from their spectacular lows in 1956 and early 1957, reversed the recent uptrend and again started to slide back to bargain levels.

Manufactured dairy products and bakery and cereal

products continued their slow, steady climb; they rose 0.2% and 0.3%, respectively. However, fresh milk and eggs (down 1.4% and 1.2%) were considerably cheaper over the month. As a result, the total dairy products and eggs group fell 0.9%. The "other food at home" group was off 0.7%. Lower prices for most of the items that make up this group (the largest of which was a 2.3% drop in coffee prices) more than offset the continued upward movement of sugar prices.

The Other Components

The sundries index, which registered the largest increase of the nonfood groups, was only slightly higher in May. Increased charges for medical care, personal care, and recreation were responsible for the 0.2% advance of this index. Alcoholic beverage and cigarette prices remained at their April levels.

Apparel costs were fractionally higher as men's clothing prices and shoe repair and dry cleaning continued to inch up. Men's apparel, which increased during thirteen of the last fourteen months, has been primarily responsible for the steady uptrend of the apparel index—especially since the cost of women's apparel has remained unchanged over the last three months.

Housing and transportation costs remained at their April levels as fractional increases within these groups were balanced by equally small decreases. The only exception occurred in the housing group, where solid fuels were a substantial 2.4% cheaper. This decline was augmented by fractional decreases for floor coverings, household textiles and appliances. But slight advances in the cost of rents, gas, electricity and household operations cancelled these decreases. Within the transportation index, public transportation charges remained unchanged, while slightly higher car prices were counterbalanced by lower automobile upkeep charges.

Change Over the Year

Compared with a year ago, the consumer had to pay substantially more for all commodity groups. The food dollar lost most in value during the year; it was down 3.5%. All food groups in the index shared in this price rise. Meat, fish and poultry, up 6.1%, showed the largest increase, with pork and beef (up 13% and 9% respectively) more than offsetting a

7% drop in the price of poultry. Cereal and bakery products, inching up almost imperceptibly month by month, accumulated a 3.7% increase over the year. The "other food" group was up 3.3%, fruits and vegetables 2.9%, and dairy products and eggs a relatively negligible 0.3%.

The rise in transportation costs, which amounted to 3.2%, received its strongest impetus from higher private transportation charges (up 3.3%). Public transportation was up 2.5%.

The housing index took third place, with a 2.7% rise. Fuel costs, up 7%, showed the largest increase. All other parts of the housing group recorded smaller advances.

Higher medical care costs were the primary reason for the 2.6% advance of the sundries index. Personal care, alcoholic beverages and tobacco, and recreation costs all contributed to a lesser degree to this advance.

The apparel index registered the smallest increase among the main commodity groups; it was up 1.5%. Men's clothing prices were 2.3% higher over the year, but the cost of women's apparel—up only 0.3%—had a steadying influence on this index.

CPI—WHAT IT IS AND WHAT IT MEASURES

The continued gains made by the consumer price index since May, 1956, have rekindled interest in its real function—the measurement of inflation or deflation in the economy. Therefore, a review of some of the characteristics and limitations of a price index might prove helpful to those who use it in reaching decisions on personnel or business policy.

The Short and Long Runs

The index is designed to measure the price movement of a fixed market basket of goods and services from month to month and from year to year. However, in assessing purchasing power on a monthly basis, the index can be misleading, as these changes are often at least partly seasonal in nature.

Seasonal patterns are most apparent in three commodity groups: food, apparel, and transportation. Food reaches its peak in the summer months. On the other hand, apparel is high in early fall and spring; and the transportation index reaches its peak in November with the arrival of new car models on the market. But, since apparel and transportation are each only about 10% of the total index, each one's influence on the movement of the over-all index is about a third that of food—which has a weight of approximately 29%.

The current increase in the all-items index provides an example of the spreading of seasonal price change from the individual commodity level to the composite index. The increase of 0.2% in the all-items index between April and May, 1957, was primarily a response to the 0.5% increase in the food index as it

moved toward its seasonal high. In turn, fresh fruits and vegetables, as a group, are largely responsible for the current increase in the food index. And at the individual commodity level, apples, oranges and potatoes—which are important in family food consumption—show large gains in price in this season. Since individual fruits and vegetables carry an importance in the index based on annual consumption, the price movement of apples, oranges and potatoes has a considerable effect on the group index.

However, there is no doubt that food prices as a whole have moved ahead over the year. The index is now 3.5% above May, 1956, while fresh fruits are up 2.9% and fresh vegetables 2.3% for the same period.

The movements of both the housing and sundries indexes in recent years have been characterized by a slow and gradual upward trend. Although many of the housefurnishings commodities in the housing index do exhibit some seasonality, prices for these goods have generally been weak, particularly in the case of durables, where purchase can be deferred.

It is in the so-called services, such as rent, home repair, medical care and personal care that creeping advances have been made in the postwar years. And these have been responsible for the steady rise in both the housing and sundries indexes. Whether this upward movement will continue and prove to be a companion of a high-level economy is not yet clear.

Limitations of the Index

The price changes that are reflected in the index have some theoretical qualifications which are often disregarded in practice. First, users should keep in mind that the index is designed to measure prices in terms of the buying habits of wage-earner families; therefore this indicator is only a general guide to changes in the purchasing power of other groups in the population—for example, those with high incomes or those who have retired. Second, the index is a measure of urban price change. And third, the tendency to endow the index with the precision of an instrument such as the micrometer is a mistake. A monthly increase of 0.1% does not necessarily mean that prices are really advancing. Only after a succession of small changes can it be said that there is really a shift in the price level.

What the Index Does Not Do

In spite of the fact that no one has ever really measured the full change in the cost of living, newspaper headlines continue to say that the cost of living is up or is down, based on the changes in the consumer price index. This mix-up in terms has probably come about because the consumer price indexes were officially called cost of living indexes up until the last decade. And despite the official change in title, in common parlance cost of living is still used to refer to price

Consumer Price Index—United States

Cities over 50,000 population

1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vege- tables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Elec- tricity
1955 November.....	100.7	98.0	91.7	104.4	97.7	98.0	105.6	102.0	106.6	102.9	105.0	101.4
December.....	101.0	97.9	89.9	104.4	98.3	99.7	105.9	102.1	106.8	103.2	105.3	101.4
1955 Annual Average...	100.3	98.3	93.8	104.4	94.5	99.8	106.2	101.5	106.1	102.7	105.2	101.4
1956 January.....	101.1	97.5	88.4	104.9	98.5	99.7	105.7	102.2	106.8	105.0 ^r	108.9 ^r	101.4
February.....	101.1	97.3	88.0	104.9	96.9	101.5	105.3	102.4	107.1	105.6 ^r	108.9 ^r	101.4
March.....	101.1	97.0	87.4	104.9	96.0	101.7	105.8	102.6	107.2	105.7 ^r	108.9 ^r	102.0
April.....	101.0	97.0	87.2	104.9	94.7	102.4	106.4	102.6	107.5	105.7 ^r	109.1 ^r	102.0
May.....	101.2	97.7	88.5	105.0	94.4	105.6	106.7	102.6	107.6	105.3 ^r	109.1 ^r	102.0
June.....	101.7	99.2	89.9	105.3	94.3	112.1	107.4	102.7	107.7	105.3 ^r	108.9 ^r	102.0
July.....	102.1	100.1	90.9	105.5	95.1	114.2	108.0	102.8	107.9	103.9	106.0	102.0
August.....	102.3	100.4	92.5	105.7	96.5	100.8	108.5	103.0	108.0	104.0	106.1	102.0
September.....	102.4	100.3	93.6	105.8	97.4	105.8	109.1	103.3	108.1	104.3	106.5	102.0
October.....	102.7	100.8	95.1	106.4	99.0	102.7	109.7	103.4	108.4	104.7	106.5	102.4
November.....	103.2	100.5	93.5	106.6	99.7	102.1	110.1	103.6	108.5	105.3	106.8	102.4
December.....	103.2	100.5	92.6	106.8	99.1	103.3	110.4	103.7	108.6	105.5	106.5	102.4
1956 Annual Average...	101.9	99.0	90.7	105.6	96.8	105.2	107.8	102.9	107.8	105.0 ^r	107.7 ^r	102.1
1957 January.....	103.4	100.2	91.7	107.1	97.8	104.1	110.8	104.5	108.7	107.8	109.5	102.2
February.....	103.6	100.5	92.4	107.7	97.2	104.8	111.1	104.8	108.9	108.6	109.5	102.2
March.....	103.7	100.4	92.5	108.1	96.4	104.2	111.1	105.2	108.9	108.7	109.6	102.2
April.....	103.9	100.6	93.1	108.6	95.6	105.2	111.0	105.4	109.4	108.8	109.4	102.2
May.....	104.1	101.1	93.9	108.9	94.7	108.7	110.2	105.4	109.5	108.5	109.5	102.3

	HOUSING (continued)		APPAREL			TRANS- POR- TATION	SUNDRIES	PUR- CHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnish- ings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939 = 100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1955 November.....	98.9	101.5	99.3	99.7	98.4	102.9	102.7	99.3	182.9	54.7	114.7
December.....	99.2	101.7	99.3	99.7	98.3	104.7	102.9	99.0	183.4	54.5	114.9
1955 Annual Average...	98.4	100.9	99.0	99.4	98.4	101.1	102.0	99.7	182.2	54.9	114.2
1956 January.....	99.3	102.0	99.3	99.8	98.0	105.8	103.1	98.9	183.6	54.5	115.0
February.....	99.5	102.1	99.3	99.9	98.1	105.3	103.4	98.9	183.6	54.5	115.0
March.....	99.4	102.3	99.4	99.9	98.2	105.1	103.7	98.9	183.6	54.5	115.0
April.....	99.3	102.2	99.6	100.1	98.3	104.4	103.7	99.0	183.5	54.5	115.0
May.....	99.1	102.4	99.7	100.3	98.2	104.1	103.8	98.8	183.9	54.4	115.2
June.....	99.1	102.4	99.9	100.5	98.3	103.9	103.9	98.3	184.7	54.1	115.8
July.....	99.0	102.8	100.0	100.7	98.2	104.0	104.2	97.9	185.4	53.9	116.2
August.....	98.9	103.0	100.2	101.1	98.3	103.9	104.5	97.8	185.8	53.8	116.4
September.....	99.3	103.6	100.3	101.6	98.2	104.1	104.7	97.6	186.0	53.8	116.6
October.....	99.3	103.6	100.5	101.7	98.3	104.1	105.0	97.4	186.5	53.6	116.9
November.....	99.5	103.7	100.7	102.0	98.3	107.7	105.2	96.9	187.8	53.4	117.4
December.....	99.8	103.8	100.7	102.1	98.2	107.9	105.4	96.9	187.5	53.3	117.5
1956 Annual Average...	99.3	102.8	100.0	100.8	98.2	105.0	104.2	98.1	185.1	54.0	116.0
1957 January.....	99.8	104.5	100.8	102.3	98.2	107.8	105.5	96.7	187.8	53.3	117.7
February.....	100.0	104.8	100.9	102.3	98.4	107.7	105.8	96.5	188.2	53.1	117.9
March.....	100.4	105.2	101.0	102.4	98.5	107.3	106.1	96.4	188.4	53.1	118.1
April.....	100.5	105.3	101.1	102.5	98.5	107.4	106.3	96.2	188.7	53.0	118.3
May.....	100.4	105.5	101.2	102.6	98.5	107.4	106.5	96.0	189.1	52.9	118.5

Consumer Price Index—United States

Annual Averages 1914-1956*

1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914.....	40.3	248.1	1925.....	67.8	147.5	1936.....	54.8	182.5	1947.....	84.7	118.1
1915.....	40.0	250.0	1926.....	68.3	146.4	1937.....	57.2	174.8	1948.....	90.1	111.0
1916.....	43.0	232.6	1927.....	66.9	149.5	1938.....	55.7	179.5	1949.....	88.8	112.6
1917.....	51.3	194.9	1928.....	65.9	151.7	1939.....	55.0	181.8	1950.....	90.0	111.1
1918.....	59.5	168.1	1929.....	65.6	152.4	1940.....	55.4	180.5	1951.....	97.0	103.1
1919.....	67.6	147.9	1930.....	63.4	157.7	1941.....	58.3	171.5	1952.....	99.5	100.5
1920.....	77.8	128.5	1931.....	57.0	175.4	1942.....	64.5	155.0	1953.....	100.0	100.0
1921.....	66.8	149.7	1932.....	50.9	196.5	1943.....	68.2	146.6	1954.....	100.2	99.8
1922.....	63.6	157.2	1933.....	49.0	204.1	1944.....	69.1	144.7	1955.....	100.3	99.7
1923.....	65.4	152.9	1934.....	51.8	193.1	1945.....	70.2	142.5	1956.....	101.9	98.1
1924.....	66.1	151.3	1935.....	53.6	186.6	1946.....	74.9	133.5			

a Indexes from 1914 through 1919 are for the month of July only and are not annual averages
r Revised.

Consumer Price Indexes for Individual Cities

NOTE: These indexes show changes in consumer prices only. They do not show intercity differences in price level or standard of living.

Cities Surveyed Monthly

	1953 = 100			Percentage Changes			1953 = 100			Percentage Changes	
	May 1957	Apr. 1957	May 1956	Apr. 1957 to May 1957	May 1956 to May 1957		May 1957	Apr. 1957	May 1956	Apr. 1957 to May 1957	May 1956 to May 1957
Chicago						Los Angeles					
All Items.....	106.3	106.0	104.0	+0.3	+2.2	All Items.....	104.4	104.4	100.4	0	+4.0
Food.....	102.9	101.8	100.2	+1.1	+2.7	Food.....	101.4	101.3	96.8	+0.1	+4.8
Housing.....	109.9	110.0	107.9	-0.1	+1.9	Housing.....	104.6	104.7	102.4	-0.1	+2.1
Apparel.....	101.2	101.2	100.4	0	+0.8	Apparel.....	101.7	101.4	99.0	+0.3	+2.7
Transportation.....	107.4	107.4	103.3	0	+4.0	Transportation.....	108.6	108.6	103.5	0	+4.9
Sundries.....	108.1	108.0	106.3	+0.1	+1.7	Sundries.....	106.5	106.6	102.4	-0.1	+4.0
Houston						New York					
All Items.....	104.4	103.7	101.0	+0.7	+3.4	All Items.....	104.2	103.9	101.2	+0.3	+3.0
Food.....	101.8	101.3	98.2	+0.5	+3.7	Food.....	101.7	100.9	97.4	+0.8	+4.4
Housing.....	105.5	104.4	102.7	+1.1	+2.7	Housing.....	105.2	105.3	103.1	-0.1	+2.0
Apparel.....	102.2	102.6	99.7	-0.4	+2.5	Apparel.....	99.2	99.0	98.1	+0.2	+1.1
Transportation.....	107.5	106.9	103.1	+0.6	+4.3	Transportation.....	116.2	116.2	113.0	0	+2.8
Sundries.....	105.6	104.4	101.6	+1.1	+3.9	Sundries.....	105.0	105.0	102.1	0	+2.8

Cities Surveyed Quarterly

	1953 = 100			Percentage Changes			1953 = 100			Percentage Changes	
	May 1957	Feb. 1957	May 1956	Feb. 1957 to May 1957	May 1956 to May 1957		May 1957	Feb. 1957	May 1956	Feb. 1957 to May 1957	May 1956 to May 1957
Akron						Duluth-Superior					
All Items.....	104.9	104.5	102.2	+0.4	+2.6	All Items.....	104.4	103.9	102.2	+0.5	+2.2
Food.....	102.4	101.0	99.0	+1.4	+3.4	Food.....	100.7	100.2	100.4	+0.5	+0.3
Housing.....	106.7	106.5	103.7	+0.2	+3.0	Housing.....	106.5	106.0	103.5	+0.5	+3.0
Apparel.....	100.3	100.6	99.5	-0.3	+0.8	Apparel.....	100.3	100.0	98.6	+0.3	+1.7
Transportation.....	108.0	107.9	103.4	+0.1	+4.4	Transportation.....	107.7	107.0	103.6	+0.7	+4.0
Sundries.....	106.8	106.7	105.4	+0.1	+1.3	Sundries.....	106.8	106.3	103.8	+0.5	+2.9
Baltimore						Richmond					
All Items.....	104.2	103.9	101.2	+0.3	+3.0	All Items.....	102.8	102.5	101.0	+0.3	+1.8
Food.....	100.5	99.8	96.8	+0.7	+3.8	Food.....	98.8	98.4	97.2	+0.4	+1.6
Housing.....	105.3	105.4	101.9	-0.1	+3.3	Housing.....	104.7	104.6	102.7	+0.1	+1.9
Apparel.....	102.5	102.1	101.4	+0.4	+1.1	Apparel.....	101.0	101.0	99.8	0	+1.2
Transportation.....	107.8	107.4	103.9	+0.4	+3.8	Transportation.....	105.4	105.6	102.5	-0.2	+2.8
Sundries.....	107.1	106.9	104.9	+0.2	+2.1	Sundries.....	105.1	104.4	103.6	+0.7	+1.4
Boston						Rochester					
All Items.....	104.3	103.7	101.0	+0.6	+3.3	All Items.....	104.0	103.6	101.6	+0.4	+2.4
Food.....	100.5	99.2	96.9	+1.3	+3.7	Food.....	103.5	102.5	102.3	+1.0	+1.2
Housing.....	106.9	106.5	102.8	+0.4	+4.0	Housing.....	103.6	103.4	100.8	+0.2	+2.8
Apparel.....	100.8	100.9	99.5	-0.1	+1.3	Apparel.....	100.4	101.0	98.7	-0.6	+1.7
Transportation.....	105.4	105.8	104.2	-0.4	+1.2	Transportation.....	105.2	105.6	102.8	-0.4	+2.3
Sundries.....	107.4	106.6	104.0	+0.8	+3.3	Sundries.....	106.9	106.0	102.7	+0.8	+4.1
Chattanooga						St. Louis					
All Items.....	102.3	101.6	99.8	+0.7	+2.5	All Items.....	103.0	102.5	100.9	+0.5	+2.1
Food.....	97.5	96.1	95.3	+1.5	+2.3	Food.....	100.1	99.5	98.7	+0.6	+1.4
Housing.....	102.1	102.0	100.9	+0.1	+1.2	Housing.....	103.3	103.3	101.2	0	+2.1
Apparel.....	104.2	104.6	101.4	-0.4	+2.8	Apparel.....	103.4	102.3	100.4	+1.1	+3.0
Transportation.....	108.5	107.5	103.6	+0.9	+4.7	Transportation.....	105.5	105.1	103.4	+0.4	+2.0
Sundries.....	106.7	105.1	102.8	+1.5	+3.8	Sundries.....	105.1	104.5	102.4	+0.6	+2.6
Dallas						San Francisco-Oakland					
All Items.....	102.9	102.6	100.4	+0.3	+2.5	All Items.....	105.2	104.8	102.7	+0.4	+2.4
Food.....	99.5	100.0	98.0	-0.5	+1.5	Food.....	103.1	102.7	100.4	+0.4	+2.7
Housing.....	103.4	102.8	101.0	+0.6	+2.4	Housing.....	105.1	104.7	103.2	+0.4	+1.8
Apparel.....	101.6	101.7	99.1	-0.1	+2.5	Apparel.....	101.9	101.7	100.3	+0.2	+1.6
Transportation.....	104.7	104.4	101.6	+0.3	+0.3	Transportation.....	105.6	105.2	102.7	+0.4	+2.8
Sundries.....	106.0	104.7	102.4	+1.2	+3.5	Sundries.....	109.9	109.5	106.6	+0.4	+3.1
Detroit						Wilmington					
All Items.....	105.7	105.0	103.2	+0.7	+2.4	All Items.....	104.4	103.3	101.3	+1.1	+3.1
Food.....	106.1	103.5	102.4	+2.5	+3.6	Food.....	100.6	98.5	97.2	+2.1	+3.5
Housing.....	106.4	106.3	104.0	+0.1	+2.3	Housing.....	105.0	105.2	102.7	-0.2	+2.2
Apparel.....	100.6	100.7	100.1	-0.1	+0.5	Apparel.....	100.9	100.5	101.6	+0.4	-0.7
Transportation.....	105.5	105.9	102.6	-0.4	+2.8	Transportation.....	107.4	107.4	102.1	0	+5.2
Sundries.....	107.1	106.9	105.4	+0.2	+1.6	Sundries.....	109.3	106.6	104.5	+2.5	+4.6

indexes, a practice which unhappily adds to the already considerable confusion of the public.

In a price index that is designed to show only price change, the weighting pattern is held constant over a considerable period of time. While to obtain a real cost of living index, this weighting pattern would have to be adjusted each month as consumers purchase more of one commodity and less of another. In other words, a cost of living index must take into account both the *amounts bought* and the *prices paid* for goods and services in each period.

To measure changes in the real cost of living, great technical difficulties are met in determining the change in the amount of a commodity purchased, or just when to include goods that have recently come on the market. Also, to many, the term cost of living is frequently tied up with other considerations such as the maintenance of an equitable standard of living, and with the problem of adding new goods and services to this standard as they become part of the home. It is not the intention of this article to deal with these questions, but rather to point out that the only part of the cost of living that is currently measured is the change in prices recorded in the consumer price index.

Intercity Comparisons

Users of these indexes frequently compare the price indexes of two cities to determine differences in the cost of living. For example, a company with an office in Chicago, Illinois and another in New York City, may refer to the price indexes for the two cities. Finding Chicago one point above New York, it is assumed that consumer prices are higher in Chicago than in New York.

Such an intercity comparison is invalid for the following reasons: In the first place, each city price index is constructed independently; it only compares current prices with the price level in that city as of a given date—the base period. To illustrate the trap that awaits the unwary index user, assume that the city price indexes consist of just one item. Suppose that the price of this item is currently 50 cents in city A and \$1.25 in city B, so that the cost of the article in city B is two and a half times that in city A. Furthermore, if the price in the base period had been 25 cents in city A and \$1 in city B, both cities have shown an advance in price. However, the index for city A would be 200.0, while that for city B would be only 125.0. But, obviously, concluding from the indexes that the price of the article in city A was higher than in city B would be wrong, for the actual price is still higher in city B.

This seeming contradiction stems from the difference in the prices in the initial period. But since the consumer price index measures only price change over a period of time, the original difference in price levels

is not relevant. Indeed, to measure *price change* in each city over a period of months or years, the original prices in each city cannot be brought into balance. It is, therefore, correct to say that the prices in city A have risen more than those in city B since the base period; but no conclusion about the prices themselves can be made.

HELEN B. JUNZ

OLIVE E. VAUGHAN

Division of Consumer Economics

Vending Machine Proceeds

In at least one section of the pulp, paper, and paper-board industry, employees—through their welfare associations or unions—are the principal beneficiaries of proceeds from vending machines installed on company premises.

A survey conducted by the Pulp and Paper Manufacturers Association, which includes companies in Wisconsin, Minnesota and Michigan, shows that thirty-eight of forty-four firms allocate some or all of the proceeds from such sales to employee groups or activities. In twenty-six of the thirty-eight companies surveyed, the proceeds are devoted to a single purpose; in the remaining twelve, they are divided among two or more projects. (Four of the latter companies take a share of the proceeds and allocate the remainder to employee projects.)

When proceeds are used for a single purpose, employee benefit associations or funds (also called welfare, goodwill or activities funds) are most commonly cited as beneficiaries (thirteen companies). Unions are the beneficiary next most frequently cited by survey participants (five companies) as receiving 100% of the vending machine proceeds. The remaining single purposes to which these funds are allocated include: employee recreation (three companies); flower funds (two); athletic association (one); individual employee departments (one); and workman's candy fund (one).

Twelve firms divide vending machine proceeds among two or more beneficiaries. The recipients are as follows: unions (seven companies); flower funds (four); employee recreation (four); employee benefit associations (three); athletic association (one); and community projects (one).

Only one company has vending machines for hot food other than soups and drinks. And only one firm has a sandwich vending machine. The remaining companies have automatic coin-operated equipment for hot and cold drinks (including milk and various soft drinks) ice cream, candy, gum, cigarettes, pastry and soups.

Whither the Directly Chartered Union?

THE YEAR AND A HALF since the merger of the AFL and CIO have seen a rapid decline in the number of unions directly chartered by the parent body. These unions were known in the AFL as federal labor unions and in the CIO as local industrial unions. At the time of the merger there were 874 such unions; now there are 637, or a decline of 27%.

Two circumstances have contributed to the decline: (1) the end of rivalry between the AFL and CIO in organizing, and (2) the cutting back by the combined federation of support for unprofitable, directly chartered local unions and organizing committees; instead these groups are now being turned over to prosperous AFL-CIO national and international unions.

End of AFL-CIO Organizing Rivalry

Prior to the merger, both the AFL and CIO, in accordance with their constitutions, were federations of autonomous national and international unions.¹ The constituent unions and not the AFL or CIO office ruled the roost. The job of the AFL and CIO organizing staffs was not to set up local unions that would compete with member unions, but to assist established unions in organizing and also to establish new non-competing national or international unions. One of the methods used in organizing by both the AFL and CIO was the directly chartered local union.

Theoretically, under the AFL's and CIO's constitutions, each of these directly chartered local unions was to be a purely temporary organizing device. Their sole purpose was to bring workers into the AFL or CIO. Then, they were to go out of existence, and either turn the new members over to already existing unions or merge several of them to form a new national or international union. This pattern was followed, for example, when the AFL formed the Office Employees International Union by bringing together a number of federal labor unions that had organized office workers.

However, the theory did not always work out in practice. Many directly chartered unions, especially the AFL's federal labor unions, did not have the short life spans of temporary organizing devices. Instead they continued to flourish as separate entities for five, ten, fifteen or more years.

¹ For the constitutions of the AFL and CIO see "Handbook of Union Government, Structure and Procedures," *Studies in Personnel Policy*, No. 150, pp. 86-98.

One reason for the directly chartered unions' longevity was that many were formed in the days of rivalry between the AFL and CIO. Some of these unions were chartered mainly to prevent the rival organization from getting the workers of a particular plant or office. This was especially true in the case of the AFL. It organized a number of establishments into federal labor unions in order to keep them out of the hands of the CIO. In addition, some employers favored dealing with the anticommunist AFL federal labor unions rather than with some of the unions that were later expelled by the CIO on charges of communist domination.

With the merger, this need for federal labor unions as one-company or one-community industrial unions officially disappeared. There no longer was to be rivalry between the AFL and CIO. As a result, negotiations by federal labor unions for affiliation with big national unions proceeded apace.

Strangely enough, in many cases negotiations were carried on with former CIO unions and not with AFL craft unions. The officers of the federal labor unions favored former CIO unions because such affiliations would mean that an industrial-type federal labor union could enter as one unit, keep its officers, and preserve its industrial union character. Affiliation with AFL craft unions, on the other hand, might mean splitting up the local among several craft unions, and the end of the federal labor union officers' jobs.

Many employers dealing with federal labor unions also preferred, if there was to be any change, to continue to deal with one union rather than several craft unions. Therefore some employers fostered affiliation with a former CIO union. This was especially apt to happen where the employer dealt with and enjoyed good relations with a former CIO union in his other plants. The Steelworkers, for example, picked up more than one federal labor union in this way.

Cutting Back on Unprofitable Locals

The second reason for the decline in the number of directly chartered unions is that the AFL-CIO is operating on a tight budget and has had to shuck off unprofitable operations.

The tight budget came about this way. Before merger, the AFL had a monthly per capita tax of 4 cents per member per month, while the CIO's per capita tax was 10 cents. As part of the merger agree-

ment, the per capita tax for the AFL-CIO was set at 4 cents.¹ This meant that in the total revenues of the combined organization there was a loss of 6 cents per member per month from the former CIO unions.

In the CIO, much of the additional 6 cents had gone to support CIO organizing committees and local industrial unions. After merger the AFL-CIO officials found it necessary to tell those organizing committees

and local industrial unions that were losing money that the AFL-CIO could no longer afford to carry them. The local industrial unions and the organizing committees found themselves faced with the alternatives of dying on the vine for lack of funds or affiliating with prosperous national unions. Under this compulsion, many have affiliated and others are studying the prospect.

JAMES J. BAMBRICK, JR.

Division of Personnel Administration

¹ *Op. cit.* pages 9-19.

Significant Pay Settlements in Canada

Settlement Pattern in Fine Paper Industry

Reflecting an industry-wide pattern, three major fine paper producers in Ontario and Quebec have recently granted one year contracts, general wage increases of 5% and sick pay benefits to their employees. Two of the settlements are between Howard Smith Paper Mills Limited, Rolland Paper Company Limited and the United Papermakers and Paperworkers and the International Brotherhood of Pulp, Sulphite and Paper Mill Workers. The third agreement is between the E. B. Eddy Company, the two paper unions and the Machinists.

The 5% increase to all employees became effective with the start of the contracts on May 1 in the Howard Smith mill at Cornwall, Ontario, and the Eddy Company mills at Ottawa, Ontario, and Hull, Quebec. Only men received the 5% increase in the mills of Rolland Paper at St. Jerome and Mont Rolland, Quebec, with women being granted 5 cents per hour.

The provision for three days' sick leave with pay is designed to prevent loss of income during the three-day waiting period for insured sickness and non-occupational accident benefits. The sick pay will be given once during the contract year if the employee has ninety days' continuous service and is confined to home or hospital for a minimum of ten consecutive days, including weekends and holidays.

The settlements at Howard Smith and E. B. Eddy are among the first in Ontario and Quebec to take into account the development of government hospitalization insurance. Both provide that existing welfare plans will be reviewed after details of the proposed government hospital insurance plans are announced.

Hours Reduced in Garment Industry

The Cloak Manufacturers' Council of Montreal and the Cloak and Suitmakers, ILGWU, have reached

an agreement that provides a general pay increase, shorter hours and severance pay for about 2,500 employees. The 7% pay adjustment is the first in the industry in Montreal since 1951 and is effective with the start of the new three-year contract on July 1.

The agreement is the first in the industry in Canada to reduce regular weekly hours below the forty-hour level. The initial drop will be from forty to thirty-nine hours on July 1, 1958; and the second reduction to thirty-seven and a half hours per week will be effective one year later. At each decrease in hours, the take-home pay of both time and pieceworkers will be maintained.

Employers will also begin contributing 1% of payroll to a severance pay fund on July 1, 1959. The fund will be administered by a joint union-management board—half of the members to be appointed by the employers and half by the union. It will be used for the benefit of workers in the industry who lose their jobs because of depressed conditions or discontinued operations.

Civic Workers' Arbitration Award

A board of arbitration, set up after lengthy negotiations between the National Syndicate of Municipal Employees, CCCL, and the City of Montreal, has determined working conditions for the city's white collar workers for the next two years. The major gains for the city employees are an 8% across-the-board wage increase and an extension of "summer hours." These hours, which are forty-five minutes shorter per day than those normally worked, will now begin on June 15 instead of July 1 and run until Labour Day. The award is a victory for the Syndicate, since the city countered its demands with proposals that would have meant no pay increase and would have effectively lengthened the hours of work.

Significant Pay Settlements in Canada

Verified by The Conference Board

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
WAGE EARNER SETTLEMENTS		
Food and Allied Products		
Eddy with United Papermakers; and Pulp, Sulphite Paper Mill Workers at Ottawa, Ont. and Que. 1,647 hourly Effective 5-1-57. Contract expired New contract: one year	5% general increase	Added: 3 days' sick leave pay for employees absent due to certified illness for 10 or more days
and Paper Ltd. with Papermakers and Pulp, Sulphite and Paper Mill workers at St. Jerome and Mont- real, Que. 586 hourly Effective 5-1-57. Contract expired New contract: one year	5% general increase to men. 5¢ per hour general increase to women	Added: 3 days' sick leave pay for employees absent due to certified illness for 10 or more days
Hard Smith Paper Mills Ltd. with Papermakers and Pulp, Sulphite and Paper Mill Workers at Cornwall, Ont. 1,400 hourly Effective 5-1-57. Contract expired New contract: one year	5% general increase	Added: 3 days' sick leave pay for employees absent due to certified illness for 10 or more days
Textile and Kindred Products		
Heinz Ltd. with Household Workers at Leamington, Ont. 663 hourly Effective 2-1-57 (signed 4-16-57). Contract expired New contract: 2 years	10¢ per hour general increase Deferred increase: 8¢ per hour, 2-1-58	Revised: Allowance for hospital room and board increased to \$9.50 per day for maximum of 31 days; extras increased to \$150; physicians' services increased to \$5 for home visits and \$3 for office and hospital visits Weekly disability pay increased to \$30 per week for women and to \$35 for men. Benefits 75% company paid; become noncontributory 2-1-58
er M. Lowney Ltd. with Bakery and Confectionery Workers at Montreal, Que. 740 hourly Effective 3-1-57 (signed 4-23-57). Contract expired New contract: 2 years	10¢ per hour general increase Deferred increase: 5¢ per hour, 3-1-58	Revised: Job classifications Vacations now 2 weeks after 3 years and 3 weeks after 15 years 30 minutes' lunch pay for shifts
Other Manufacturing		
ty Bros. Ltd. with workers at Fergus, Ont. 560 hourly Effective 3-1-57 (signed 4-15-57). Contract expired New contract: one year	7¢ per hour general increase Deferred increase: 5¢ per hour, 9-1-57	None
Sh American Oil Ltd. with Chemical and Atomic Workers at Clarkson, Ont. 550 hourly Effective 3-16-57 (signed 5-1-57). Contract expired New contract: one year	7% general increase, approx.	None
adian Western Pipe Mills, Ltd. with workers at Port Moody, B. C. 275 hourly Effective 3-15-57 (signed 5-57). Wage reopening contract expires 9-30-58	10¢ per hour general increase. Additional 1.88¢ per hour to certain classifications (6.44%) Deferred increase: 15¢ per hour general increase, 1-1-58	None
rk Manufacturers' Council of Montreal with WU at Montreal, Que. 2,500 hourly Effective 7-1-57. Contract expired New contract: 3 years	7% general increase Deferred adjustment: Workweek reduced to 39 hours 7-1-58 and to 37.5 hours 7-1-59 with maintenance of take-home pay	Added: Severance pay fund. Employer to con- tribute 1% of payroll starting 7-1-59
eral Tire & Rubber of Canada Ltd. (Stokes division) with Rubber Workers at Welland, Ont. 450 hourly Effective 3-3-57 (signed 4-1-57). Contract ex- pired New contract: one year	6.5¢ per hour general increase	Added: SUB fund established at 3¢ per man- hour 9th paid holiday 3 days' funeral leave pay Revised: Vacations now 4 weeks after 25 years

Significant Pay Settlements in Canada—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Construction		
British Columbia Bridge and Dredging Ltd. with IAM at Vancouver, B. C. 150 hourly Effective 4-1-57. Contract expired New contract: one year	25¢ per hour general increase	No information
SALARIED EMPLOYEE SETTLEMENTS		
British Overseas Airways Corp. with UAW at Montreal, Que. 70 salaried Effective 4-1-57. First contract Duration one year	5.9% general increase	None
City of Montreal with Municipal Employees, CCCL, at Montreal, Que. 3,100 salaried Effective 12-1-56 (signed 5-6-57). Contract expired New contract: 2 years	8% general increase	Revised: Summer workday schedule 4 weeks' vacation for 25 or more years' ser
O'Keefe Brewing Ltd. with Operating Engineers at Toronto, Ont. 26 salaried Effective 4-1-57 (signed 6-57). Contract expired New contract: one year	6.5% general increase (\$5 to \$7 per week)	Added: One pair safety shoes per year at half c 3 days' funeral leave pay Jury duty differential pay
Rolland Paper Ltd. with Office Employees at St. Jerome and Mont Rol- land, Que. 28 salaried Effective 11-6-56 (signed 5-1-57). Contract expired New contract: one year	5% general increase	No information

All unions are affiliated with the CLC unless otherwise indicated.

Studies in Personnel Policy

- No. 155—Unionization Among American Engineers
- No. 154—Company Payment of Moving Expenses
- No. 153—Improving Staff and Line Relationships
- No. 152—Employment of the College Graduate
- No. 151—Tuition Aid Plans for Employees
- No. 150—Handbook of Union Government, Structure and Procedures
- No. 149—Pension Plans and Their Administration
- No. 148—Retirement of Employees—Policies, Procedures and Practices
- No. 147—Company Health Programs for Executives
- No. 146—Company-Paid Sick Leave and Supplements to Workmen's Compensation
- No. 145—Personnel Practices in Factory and Office
- No. 144—Recruiting and Selecting Employees
- No. 143—Fringe Benefit Packages
- No. 142—Executive Development Courses in Universities
- No. 141—Severance Pay Plans
- No. 140—Management Development
- No. 139—Company Organization Charts
- No. 138—Bulletin Boards
- No. 137—Escalators and the New BLS Index
- No. 136—Employee Magazines and Newspapers
- No. 135—Suggestion Systems
- No. 134—Cooperative Medical Programs
- No. 133—Employee Savings and Investment Plans
- No. 132—Stock Ownership Plans for Workers
- No. 131—Employee Induction
- No. 130—Time Off with Pay
- No. 129—Communicating with Employees
- No. 128—Computing the Cost of Fringe Benefits
- No. 127—Union Security and Checkoff Provisions
- No. 126—Controls of Absenteeism
- No. 125—Information Racks—A New Communications Medium
- No. 124—Developments in Supervisory Training
- No. 123—Letters to Nonsupervisory Employees
- No. 122—Evaluating Managerial Positions

In the February Business Record

Budget's Impact on Business—The budget of the United States Government for the fiscal year ending June 30, 1958, has just been published. This budget—which is as big as our national output was in 1935—is bigger than that for fiscal 1957, and the 1957 budget is bigger than the total spent in 1956. Just how inflationary, then, is the new budget? Analyzing it, the Board's fiscal expert reports some parts of it deflationary, some parts inflationary.

The Budget and Welfare Programs—The author of another article on the budget reports that "three out of five of the additional federal dollars for labor and welfare will go to established programs and two to proposed new legislation, chiefly assistance to states for building schools."

World Scene—Per Jacobsson, managing director, International Monetary Fund, reports on the Fund's assistance to Britain following the Suez crisis and makes other comments on the current scene. Mr. Jacobsson feels that the Western World has made much progress in the past five years in terms of production, trade and monetary stability. But much remains to be done, he says, in the next five years.

Stock Prices as Business Forecasters—Curves of graphs on the course of stock-market prices over the past ten years are put alongside those depicting the movement of gross national product and those of other statistical records of our economic life. The display is examined to see how much stock prices have been influenced and how much they have influenced business activity.

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From Detroit

an Associate calls
the Board to find out
the area rate for billing
machine operators

From Los Angeles

an Associate wants to know
the spread between a junior
copy typist's pay and that
of a senior copy typist

From Dallas

another Associate
inquires about the median
salary for a stenographer
in that city



INQUIRIES like these come to the Board from Associates all over the country. And in the generally tight labor market that now exists, information about clerical salaries is especially important in maintaining a sound salary structure, and in attracting new personnel as they are needed.

The Board's new annual "Clerical Salary Survey" provides easy-to-find data on rates for thirteen jobs in twenty cities, based on nearly 80,000 clerical employees in 953 plants. Individual city rates and industry rates are given; and the length of the workweek and union status are also reported on.

Perhaps of particular interest at this time is a two-page chart showing the salary spread between thirteen jobs—in New York, St. Louis, Detroit and Los Angeles. The relationships among jobs, as well as the salary level, vary considerably from city to city. For instance, the median salary for a dictating machine transcriber in New York is about the same as the median salary for a stenographer. But in Los Angeles, the stenographer's median salary is almost \$10 higher than the salary of the dictating machine operator.

This report was recently mailed to Associates. If you do not have a copy, write the Board and ask for: